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Government
of Canada

Gouvernement
du Canada

Prepared by the
Receiver General for Canada

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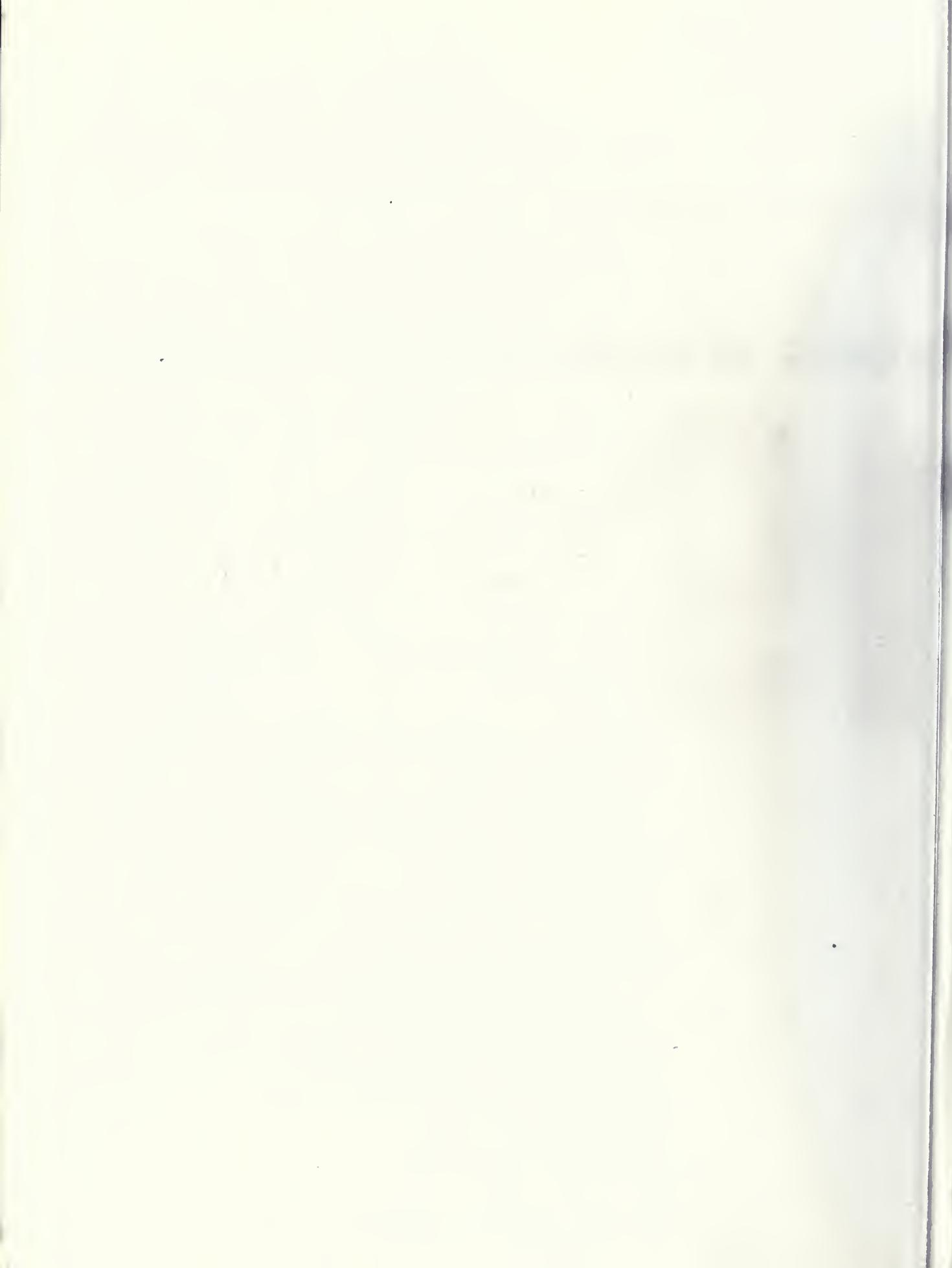
Public Accounts of Canada 1993

Volume I



Summary Report
and Financial
Statements

Canada





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of Canada

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du Canada

Prepared by the
Receiver General for Canada

Public Accounts of Canada

1993

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Summary Report
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To His Excellency

The Right Honourable Ramon John Hnatyshyn,
P.C., C.C., C.M.M., C.D.,
Governor General and
Commander-in-Chief of Canada.

MAY IT PLEASE YOUR EXCELLENCY:

The undersigned has the honour to present to Your Excellency the Public Accounts of Canada for the year ended March 31, 1993.

All of which is respectfully submitted.

Arthur Eggleton,
President of the Treasury Board.

OTTAWA, DECEMBER 30, 1993

*To The Honourable David Dingwall,
Receiver General for Canada.*

Sir:

I have the honour to submit the Public Accounts of Canada for the year ended March 31, 1993.

Under Section 64(1) of the Financial Administration Act, the Public Accounts for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in two volumes:

Volume I—An annual financial report and a ten-year summary of the Government's financial transactions; the financial statements of Canada on which the Auditor General has expressed an opinion; the observations by the Auditor General on the financial statements of Canada; analyses of budgetary revenue and expenditure, and of asset and liability accounts; and various other statements.

Volume II—Details of the financial operations of the Government, segregated by ministry (Part I); and additional information and analyses (Part II).

The audited financial statements contained in Volume I are for the year ended March 31, 1993.

Respectfully submitted,

Ranald Quail,
Deputy Receiver General for Canada.

OTTAWA, DECEMBER 30, 1993

*To The Honourable Arthur Eggleton,
President of the Treasury Board.*

In accordance with the provisions of Section 64(1) of the Financial Administration Act, I have the honour to transmit herewith the Public Accounts of Canada for the year ended March 31, 1993, to be laid by you before the House of Commons.

Respectfully submitted,

David Dingwall,
Receiver General for Canada.

OTTAWA, DECEMBER 30, 1993

VOLUME 1

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INTRODUCTION TO THE PUBLIC ACCOUNTS

Nature of the Public Accounts

The Public Accounts is the report of the Government of Canada prepared each fiscal year by the Receiver General as required by Section 64 of the Financial Administration Act.

The report covers the fiscal year of the Government, which ends on March 31, and is prepared from data contained in the accounts of Canada and from more detailed records maintained in departments and agencies. The accounts of Canada is the centralized record of the Government's financial transactions maintained by the Receiver General in which the transactions of all departments and agencies are summarized. Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the Public Accounts

The Public Accounts is produced in two volumes.

Volume I presents a summary analysis of the financial transactions of the Government. Its content is summarized as follows:

SECTION 1: annual financial report and a ten-year summary of the Government's financial transactions;

SECTION 2: audited financial statements of the Government of Canada;

SECTION 3: review of budgetary revenue;

SECTION 4: review of budgetary expenditure;

SECTION 5: analysis of consolidated accounts;

SECTION 6: analysis of loans, investments and advances;

SECTION 7: analysis of specified purpose accounts;

SECTION 8: analysis of other liabilities;

SECTION 9: analysis of foreign exchange accounts;

SECTION 10: analysis of unmatured debt; and,

SECTION 11: analysis of other information related to the financial statements.

Volume II is published in two parts. **Part I** presents the financial operations of the Government, segregated by ministry while **Part II** presents additional information and analyses.

(a) PART I

Part I is designed to reflect as closely as possible the form and content of Part II of the Main Estimates. Most tables and statements in **Part I** display the source and disposition of spending authorities. The content of **Part I** is summarized as follows:

(i) *Summary Tables (Section 1)*

Section 1 includes tables which provide summaries of the financial operations contained in the ministerial sections. It also includes, as appendices, the full wording of all authorities granted in current year Appropriation Acts, of all authorities granted by statutes other than Appropriation Acts, of all non-lapsing authorities granted/repealed in the current year, and of all authorities available from previous years.

(ii) *Ministerial Sections (Sections 2 to 31)*

There is one section for each ministry. The programs for the departments and agencies for which a Minister is responsible to Parliament are grouped together to provide a total ministry presentation. Each ministerial section provides a statement of program objectives and activity descriptions. Each ministerial section also includes, where applicable, a uniform set of statements to present each ministry's financial operations. These statements are:

• *Ministry Summary*

This statement displays by program the source and disposition of each budgetary and non-budgetary authority granted by Parliament in Appropriation Acts and other statutes.

• *Programs by Activity*

This statement displays by program the source and disposition of authorities for each activity under each type of expenditure (operating, capital, transfer payments and non-budgetary).

- *Transfer Payments*

This statement displays by program the source and disposition of authorities for each transfer payment.

- *Details of Amounts Credited to the Vote*

This statement displays by program the nature of revenues and receipts which increase the amounts which may be spent from appropriations having net voting authority.

- *Revenue*

This statement displays by program the nature of revenue collected for each main classification of revenue.

(b) PART II

Part II presents additional information and analyses. The content of **Part II** is summarized as follows:

- financial statements of revolving funds (Section 1);

- financial statements of departmental corporations and other entities (Section 2);
- supplementary information required by the Financial Administration Act (Section 3);
- accounts receivable (Section 4);
- professional and special services (Section 5);
- construction and/or acquisition of land, buildings and works (Section 6);
- construction and/or acquisition of machinery and equipment (Section 7);
- transfer payments (Section 8);
- public debt charges (Section 9);
- payment of claims against the Crown, ex gratia payments and Court awards (Section 10);
- federal-provincial shared-cost programs (Section 11);
- other Government-wide information (Section 12); and,
- other miscellaneous information (Section 13).

SECTION 1

1992-93 PUBLIC ACCOUNTS

Annual Financial Report and Supplementary Financial Information

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1992-93 ANNUAL FINANCIAL REPORT

INTRODUCTION

This section provides an overview of the financial operations of the Government of Canada. The information is in two parts. The first part, the 1992-93 Annual Financial Report, offers a revised format for 1992-93 that covers economic developments in 1992, a financial review and a set of condensed financial statements. The detailed financial statements, along with the Auditor General's opinion on them, is in Section 2 of this volume.

The last part of this section provides comparative financial information on a Public Accounts basis and on a National Accounts basis and includes ten year summaries.

ECONOMIC DEVELOPMENTS IN 1992

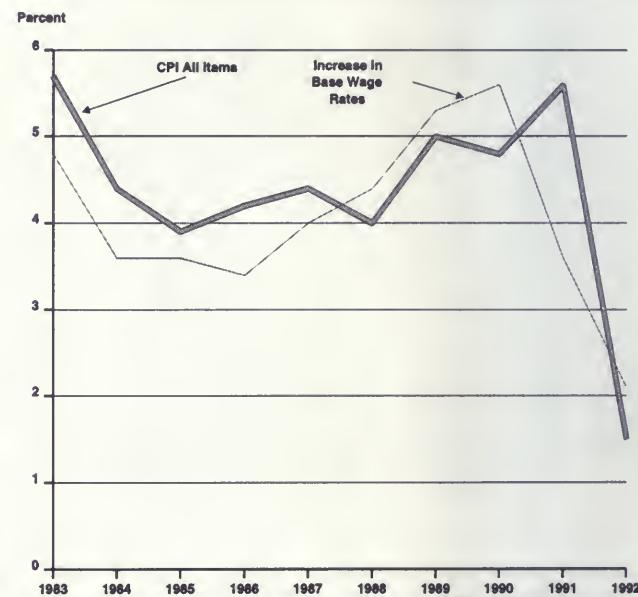
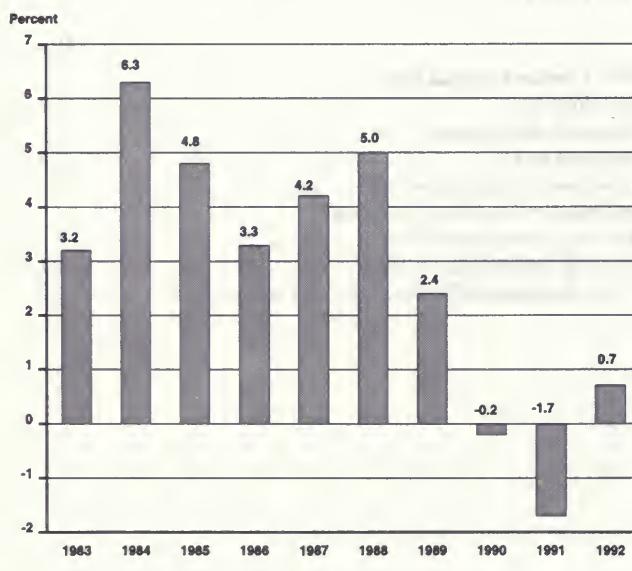
In the February 1992 Budget, the deficit for 1992-93 was estimated at \$27.5 billion. This was based on the assumption that economic growth in terms of real gross domestic product (GDP) would rebound in the second half of 1992, leading to an annual growth rate of 2.7 percent, from a decline of 1.7 percent in 1991. Inflationary pressures were expected to continue to ease and short-term interest rates were forecast to average 6.9 percent in 1992. Employment was ex-

pected to advance by 1.1 percent, while the unemployment rate was expected to fall marginally to 10.1 percent. The economic outlook for 1992, presented in the February 1992 Budget, was in line with the consensus of private sector views at the time.

However, the economic recovery that began in mid-1991 continued at a slow pace. The gross domestic product excluding inflation grew by 0.7 percent in 1992, after falling by 1.7 percent in 1991. The recovery in 1992 was largely led by a strong increase in exports, up 7.9 percent from 1991, stimulated by a 7.9 cent devaluation in the Canadian dollar vis-a-vis the US dollar and by the emerging recovery in the US economy. In contrast, domestic demand, adjusted for inflation, was weak, growing only 0.4 percent in 1992. This was due solely to increases in residential construction and consumer and Government expenditures as business investment spending and inventory levels declined.

PRICES AND COSTS

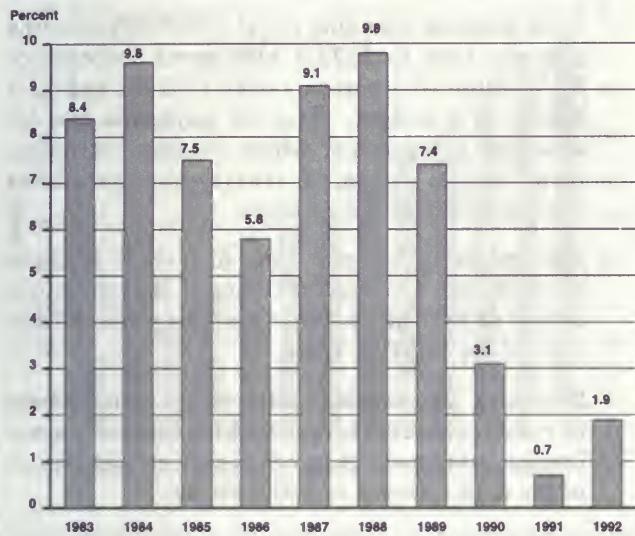
GROWTH IN REAL GDP



Inflationary pressures in 1992 were almost nonexistent. The consumer price index (CPI) inflation rate in 1992 was 1.5 percent, the lowest rate among the major industrialized countries and the lowest rate in Canada in 30 years. It picked up slightly toward the

end of 1992, as the decline in the value of the Canadian dollar was reflected in higher import prices. The average wage increase in major collective agreements was 2.0 percent, down from 3.4 percent in 1991 and 5.6 percent in 1990.

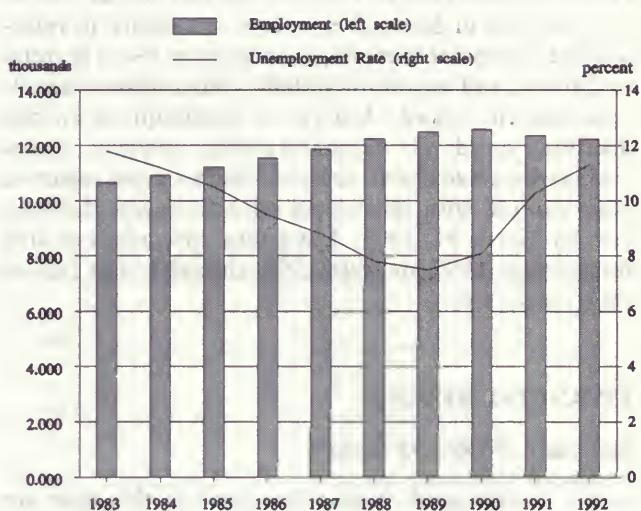
GROWTH IN NOMINAL GDP



Nominal GDP (includes inflation), which is the applicable tax base for Government revenues, increased by 1.9 percent in 1992, up from the gain of 0.7 percent in 1991. The low increases over the last three years are in sharp contrast to the average annual increase of over 8 percent during the 1981 to 1989 period.

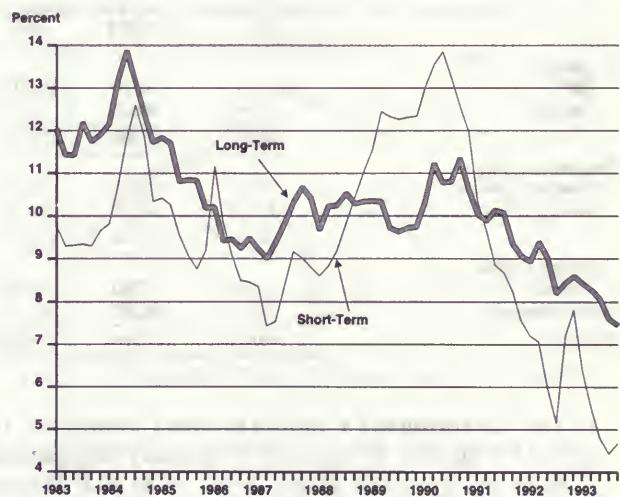
Another way of looking at the output of the economy is through payments related to the factors of production. Labour income advanced by 3 percent in 1992, up slightly from the gain of 2.3 percent in the previous year. Corporate profits fell by 4.2 percent in 1992 after a 29.2 percent drop in 1991. Corporate profits in 1992 were 50.6 percent below their 1988 peak. Nominal income in 1992 was \$25 billion lower than forecast in the Budget, resulting in lower income tax payments.

EMPLOYMENT AND THE UNEMPLOYMENT RATE



Weak growth in output combined with increased emphasis by business on raising productivity was reflected in a 0.8 percent drop in employment in 1992 after a 1.8 percent drop in 1991. The losses in employment were concentrated in the first half of the year. Later in the year and into 1993 employment began to grow, though still slowly. An increase in the labour force, coupled with the decline in employment, caused the unemployment rate to rise from 10.3 percent in 1991 to 11.3 percent in 1992.

INTEREST RATES



The moderating inflationary pressures allowed the easing in monetary conditions that began in the spring of 1990 to continue. The 90-day commercial paper rate began the year at 7.25 percent and fell as low as 4.77 percent in September before instability in international financial markets, concern over fiscal deficits in Canada, and uncertainty about constitutional developments in Canada led to an interruption in the declining trend. By early December, however, financial markets had stabilized and interest rates resumed their decline with short-term rates falling to 5.1 percent by March 31, 1993. Long-term interest rates also fell through 1992 and into 1993, though not as fast as short-term rates.

FINANCIAL REVIEW

Summary of 1992-93 Results

All revenue and expenditure data in this part are presented on a net basis to conform to the presentation in the budget.

The deficit in 1992-93 amounted to \$40.5 billion, up \$6.0 billion (17.5 percent) from the deficit recorded in 1991-92, and \$13.0 billion (47.3 percent) over the \$27.5 billion forecast in the February, 1992 Budget. These unfavorable results reflect the sluggishness in economic growth in 1992 coupled with the lagging impact of the recovery following the 1990-91 recession.

1992-93 Results

REVENUE AND EXPENDITURE

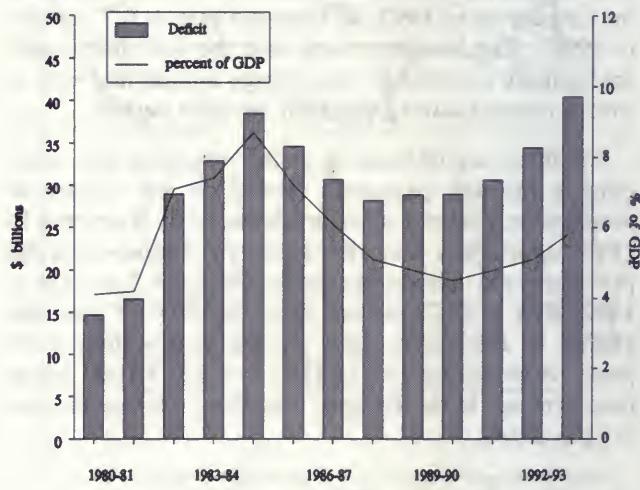
(in millions of dollars)

	1993	BUDGET	1992
Revenue —			
Tax	111,638	123,500	112,705
Non-tax	9,814	8,600	9,327
	121,452	132,100	122,032
Program spending —			
Transfer payments	85,460	82,875	81,953
Other program	37,077	36,525	33,311
	122,537	119,400	115,264
Operating surplus, (deficit)	(1,085)	12,700	6,768
Interest charges	39,394	40,200	41,231
Deficit	(40,479)	(27,500)	(34,463)

lion. The shortfall of \$10.6 billion from Budget was the major contributor to the increase in the deficit.

- As a consequence of the weak economy, personal and corporate income taxes, and goods and services tax (GST) revenues all declined. Employment insurance contributions rose by \$2.1 billion offsetting the declines in the other tax revenues.
- Total program spending (total spending excluding interest) rose to \$122.5 billion, an increase of \$7.2 billion (6.3 percent) over 1991-92 and \$3.1 billion over budget. Transfer payments and accounting adjustments, which created net reductions to the value of assets, accounted for three-quarters of the increase.
- The operating balance - the difference between revenue and program spending - moved into a deficit of \$1.1 billion after recording a surplus in each of the last five years.
- Declining interest rates allowed the Government to reduce interest charges by \$1.8 billion. Lower interest rates more than offset the interest impact of the debt increase of \$30.9 billion.

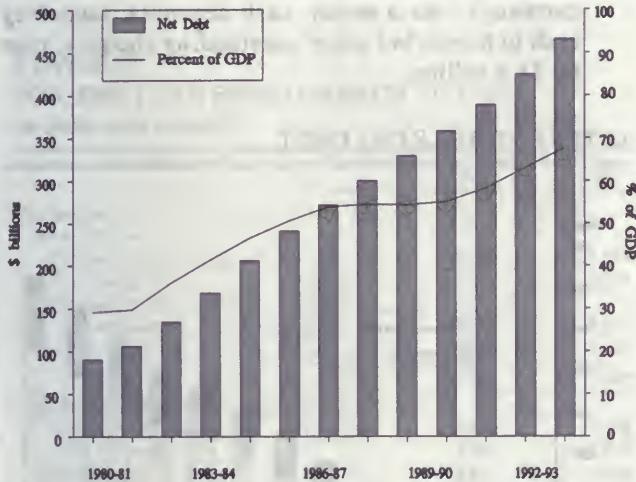
THE DEFICIT AND THE ECONOMY



- The Government's total revenues amounted to \$121.5 billion in 1992-93, virtually unchanged from the previous year's level of \$122.0 billion but well short of the budget target of \$132.1 bil-
- As a percentage of gross domestic product (GDP), the deficit stood at 5.9 percent for 1992-93, up from 5.1 percent in 1991-92 and 4.7 percent in

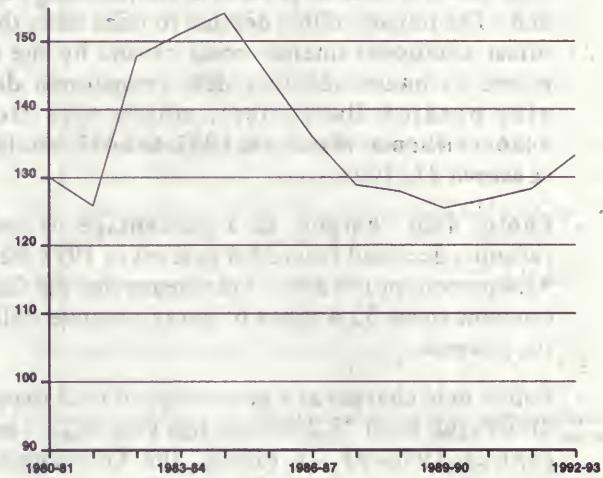
1990-91, but below the peak of 8.7 percent in 1984-85. 1992-93 marks the third consecutive year in which the deficit-to-GDP ratio has increased.

NET DEBT AND THE ECONOMY



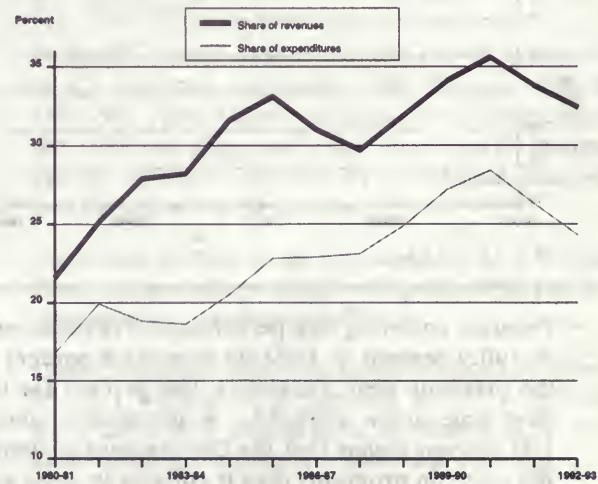
- With the deficit at \$40.5 billion in 1992-93, the accumulated deficit or net public debt - the accumulation of deficits and surpluses since Confederation - stood at \$465.3 billion at March 31, 1993. As a percentage of GDP, the accumulated deficit rose to 67.6 percent, an increase of almost 5 percent from the previous year.
- On a per capita basis, for each and every Canadian, revenue amounted to \$4,237 in 1992-93, while the Government spent \$5,649. This means each Canadian's share of the deficit for the year was \$1,412 and their share of the accumulated deficit was \$16,231 on March 31, 1993.

TOTAL EXPENDITURE AS A PERCENTAGE OF REVENUE



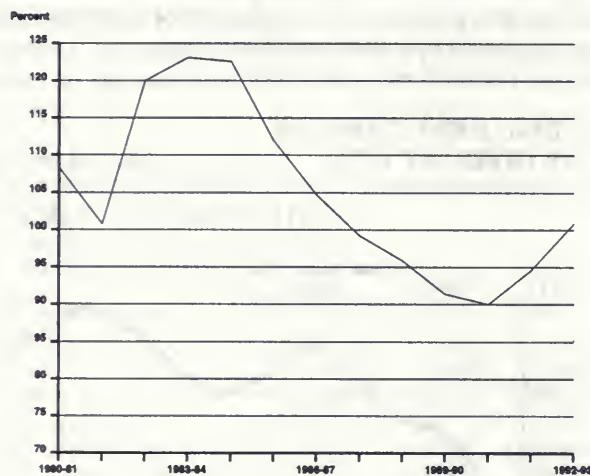
- Total expenditure as a percentage of revenue rose by 5 percent to 133 percent in 1992-93, the third consecutive year in which it has increased. This means that Government spent \$1.33 for every dollar of revenue collected and the excess had to be financed by additional borrowings.

PUBLIC DEBT CHARGES THE INTEREST BITE



- Public debt charges (interest) declined by \$1.8 billion to \$39.4 billion in 1992-93, due to decreasing interest rates. The average effective rate on federal debt as at March 31, 1993 was 7.88 percent, down from 8.86 percent at the previous year-end. The impact of this decline in rates more than offset additional interest costs caused by the increase in interest-bearing debt (unmatured debt plus pension liabilities), which rose from \$436.9 billion at March 31, 1992, to \$473.5 billion at March 31, 1993.
- Public debt charges, as a percentage of total revenue, declined from 33.8 percent in 1991-92 to 32.4 percent in 1992-93. This means that the Government spent 32.4 cents of every revenue dollar for interest.
- Public debt charges as a percentage of total expenditures fell from 26.2 percent last year to 24.3 percent in 1992-93. In effect, the Government devoted a greater share of its spending to programs rather than to interest.

PROGRAM SPENDING AS A PERCENTAGE OF REVENUE

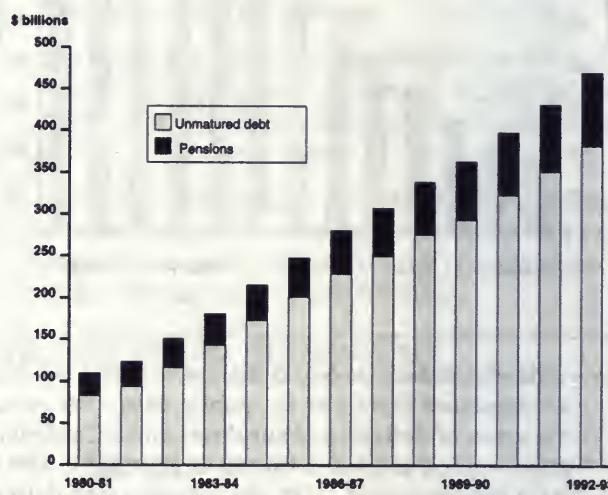


- Program spending as a percentage of revenue rose to 100.9 percent in 1992-93 from 94.6 percent in the previous year, exceeding 100 percent for the first time since 1986-87. A percentage above 100 percent means that the Government is spending more on programs than it collects in taxes and other revenue, and must borrow to cover the excess as well as for public debt charges.

Cash Requirements and Debt

- Cash requirements for Government operations for the 1992-93 year amounted to \$35.0 billion, an increase of \$5.2 billion over the previous year's level of \$29.8 billion. These requirements were met by increased borrowings of \$30.9 billion and a decrease of \$5.7 billion in holdings of foreign exchange (foreign currency converted to Canadian currency). As a result, cash accounts, including cash in transit but net of outstanding cheques, rose by \$1.6 billion.

INTEREST-BEARING DEBT



- Interest bearing debt, which includes unmatured debt and pension liabilities, rose by \$36.6 billion to \$473.5 billion, translating to \$16,518 for each and every Canadian at March 31, 1993.
- Of the \$473.5 billion in interest-bearing debt, \$5.4 billion was payable in foreign currencies.
- Foreign holdings of the Government of Canada's outstanding market debt are estimated to have reached \$98 billion at the end of March 1993, up \$16.2 billion from a year earlier.
- Total liabilities, including accounts payable, accruals and allowances, amounted to \$501.7 billion as at March 31, 1993, up from \$465.7 billion at the end of the previous year.

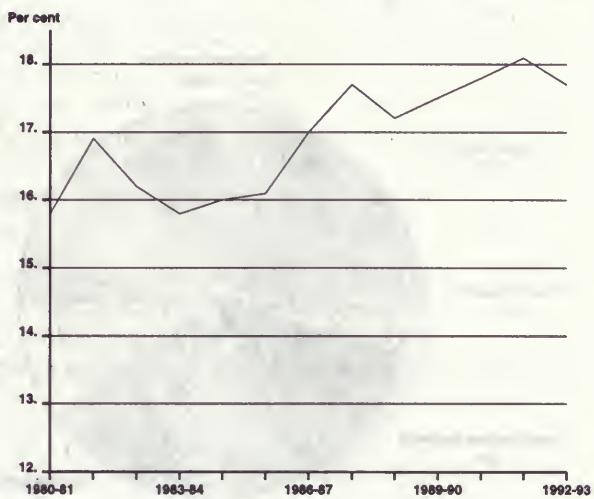
Revenue

- In 1992-93, total Government revenue declined by \$0.5 billion to \$121.5 billion. Total net revenue includes all revenue from taxes, unemployment insurance contributions, return on investments and miscellaneous revenues. It excludes revenue of consolidated Crown corporations and revenue credited to appropriations.

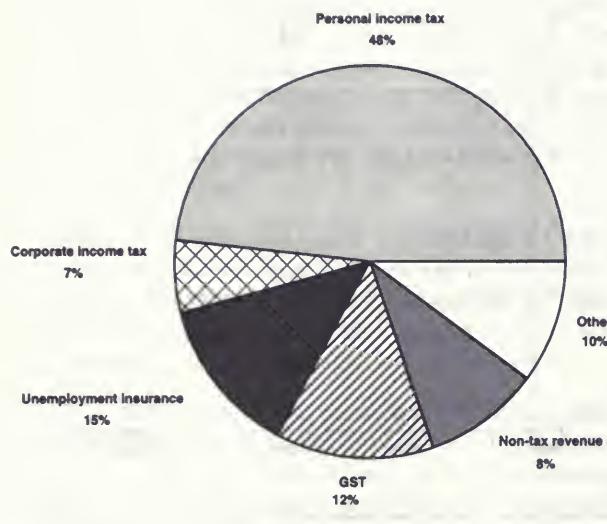
REVENUE
FOR THE YEAR ENDED MARCH 31, 1993
 (in millions of dollars)

	1993	1992
Tax revenue —		
Income tax —		
Personal	58,283	61,222
Corporation	8,278	9,359
Unemployment insurance contributions	17,535	15,394
Non-resident	1,191	1,261
	85,287	87,236
Excise taxes and duties —		
Goods and services tax	14,868	15,168
Sales and excise taxes	7,401	6,029
Customs import duties	3,811	3,999
	26,080	25,196
Other tax revenue	271	273
	111,638	112,705
Non-tax revenue —		
Return on investments	6,838	6,521
Other	2,976	2,806
	9,814	9,327
Total	121,452	122,032

- Tax revenue at \$111.6 billion accounted for 91.9 percent of total revenue.

REVENUE AS A PERCENTAGE OF GDP

- As a percentage of GDP, revenue fell to 17.6 percent from 18.1 percent in 1991-92, the first decline in this ratio since 1988-89. This fall was largely due to declining personal and corporate income tax collections, but it was partially offset by higher unemployment insurance contributions and the absence of federal sales tax rebates of \$1.6 billion in the previous year as part of the transition to the GST.
- Income taxes, which include unemployment insurance contributions, were \$7.4 billion below budget and GST revenues fell short of budget by \$3.7 billion.
- Personal income tax accounted for 48.0 percent of all revenues compared with 50.2 percent in 1991-92. The decline reflects lower incomes in the 1991 tax year, continued weakness in income growth in 1992, declines in investment income, and the reduction in surtaxes.
- Corporate income taxes decreased by \$1.1 billion from the previous year, reflecting the impact of the recession on corporate profits.
- Unemployment insurance contributions increased by \$2.1 billion (13.6 percent) to \$17.5 billion. This increase is attributable to increases in premium rates and maximum insurable earnings.

TOTAL REVENUE
FOR 1992-93

- Goods and services tax revenue was marginally lower in 1992-93 than in 1991-92, despite the fact that 1991-92 collections were reduced by the one time payment of the small business transitional grant. Excluding the impact of this grant, GST revenue was down by about \$1 billion.

Expenditure

Total expenditure for the year amounted to \$161.9 billion, up \$5.4 billion, or 3.5 percent, from 1991-92, and \$2.4 billion or 1.5 percent over budget. The increase is attributable to a number of factors including higher unemployment insurance benefits, higher old age security payments, and increased cash transfers to the provinces under established programs for health, education and welfare assistance. Partially offsetting the increases was a decline in interest costs.

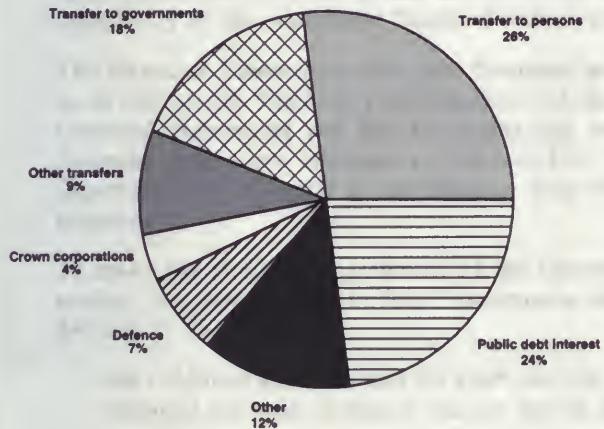
EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1993
(in millions of dollars)

	1993	1992
Transfer payments —		
To persons		
Old age security, income supplements, and spouses benefits	19,106	18,393
Unemployment insurance benefits	19,065	18,126
Family allowances	2,194	2,821
Other	1,488	1,434
	41,853	40,774
To governments —		
Fiscal arrangements	7,591	8,854
Insurance and medical care services	8,307	6,689
Canada Assistance Plan	6,686	6,099
Education support	2,887	2,142
Other	3,333	3,182
	28,804	26,966
Other transfer	14,803	14,213
Total transfer payments	85,460	81,953
Crown corporations	6,180	5,301
National Defence	10,939	10,901
Other departments and agencies	19,958	17,109
Total program spending	122,537	115,264
Public debt charges	39,394	41,231
Total expenditure	161,931	156,495

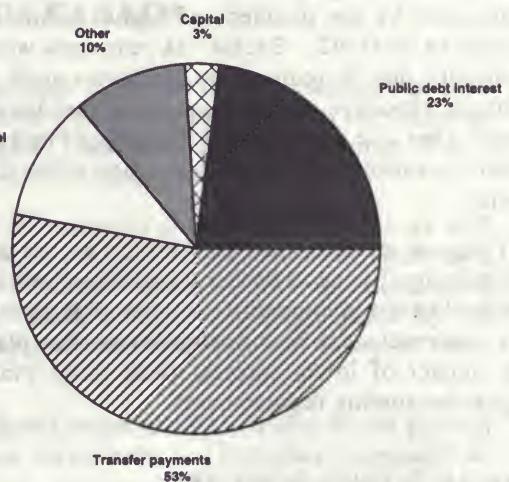
- Of total Government spending, 52.8 percent were transfer payments. These payments represent a redistribution of tax and other revenues collected by the Government and are payments for which the Government of Canada receives no goods or services. They include payments to persons, other levels of government, corporations and other groups, and for foreign aid.
- Defence spending of \$10.9 billion represented 6.7 percent of total expenditures, an increase of less than 1 percent from the previous year.
- Net expenditure by Crown corporations rose by 16.6 percent to \$6.2 billion, representing 3.8 percent of total government spending.
- Excluding National Defence, departments and agencies spent \$20.0 billion, or 12.4 percent of total spending. This spending level reflects an

increase of \$2.9 billion (16.6 percent) over 1991-92 with most of this increase resulting from adjustments to the allowance for equal pay in the previous year.

TOTAL NET EXPENDITURE BY TYPE FOR 1992-93



TOTAL GROSS EXPENDITURE BY OBJECT FOR 1992-93



- Public debt charges declined by \$1.8 billion to \$39.4 billion. This amount represents 24.3 percent of total expenditures, a decline from 26.3 percent last year.
- On an object of expenditure basis, 1992-93 expenditures on transfer payments and public debt interest amounted to 76.4 percent of total gross spending, down marginally from the previous year's level of 77.6 percent.
- Personnel costs in 1992-93 totalled \$18.5 billion, representing an increase of 0.25 percent from the previous year and were 10.8 percent of total gross spending.
- Capital acquisitions of land, buildings, works and equipment, which were 2.6 percent of gross expenditures, amounted to \$4.5 billion, up 8.4 percent from 1991-92.

- On a gross basis, all other spending, principally the costs of goods and services incurred by the Government and Crown corporations dependent on public funding, amounted to \$17.4 billion, 10.2 percent of total spending.

Comparison with February 1992 Budget

In the February 1992 Budget, the deficit for 1992-93 was forecast at \$27.5 billion. This was based on the assumption that economic growth would rebound in the second half of 1992 to 2.7 percent from the decline of 1.7 percent in 1991. Inflationary pressures were expected to continue to ease and short-term interest rates were forecast to average 6.9 percent in 1992. Employment was expected to advance by 1.1 percent, while the unemployment rate was expected to fall marginally to 10.1 percent.

However, while the inflation rate was close to forecast and short-term interest rates were lower than the target, economic growth excluding inflation advanced by only 0.7 percent in 1992, employment declined and the unemployment rate increased. Nominal income in 1992 was \$25 billion lower than forecast, resulting in lower income tax payments. As a consequence, the deficit in 1992-93, at \$40.5 billion, was \$13.0 billion higher than the February 1992 Budget estimate of \$27.5 billion.

In terms of specifics, revenues were \$10.6 billion lower than forecasted, primarily due to lower than expected levels of income which adversely affected personal and corporate income taxes and unemployment insurance premiums. GST revenues were also dampened by the payment of higher refunds due to delays in 1991-92. Excise tax revenues were down primarily due to reduced domestic tax-paid sales of tobacco products. In contrast, return on investments was higher due to increased Exchange Fund Account profits resulting from the depreciation of the Canadian dollar.

Program spending was \$3.2 billion higher than budget principally due to higher transfers to provinces for medical care and education support. Public debt charges (interest) were \$0.8 billion lower than planned as the impact of lower interest rates more than offset higher borrowing requirements.

**VARIANCE FROM FEBRUARY
1992 BUDGET
(in billions of dollars)**

	<u>1992-93⁽¹⁾</u>
A. Revenue —	
Personal income tax	(4.7)
Corporate income tax	(1.2)
Unemployment insurance contributions	(1.5)
Goods and services tax	(3.7)
Other excise taxes	(0.7)
Non-tax revenue	1.2
Total	(10.6)
B. Program spending	
Transfers to persons	0.4
Transfers to governments	(2.8)
Other transfers	(0.2)
Other program spending	(0.6)
Total	(3.2)
C. Public debt charges	0.8
Net variance from budget	(13.0)

⁽¹⁾ The () indicates unfavorable variance.

PREFACE TO THE CONDENSED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of these financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. Responsibility for the integrity and objectivity of the condensed financial statements rests with the Government.

The financial statements reflect the financial position of the Government at the reporting date, as well as its operations, financial requirements and changes in financial position for the year. The condensed financial statements and the accompanying notes are extracted and summarized from the audited financial statements included in Section 2 of this volume. These statements were prepared by the Government of Canada in accordance with the accounting policies set out in the notes to these statements.

To make the financial statements of the Government of Canada more understandable to the general reader, the presentation in these statements differs in some ways from the financial statements in Section 2. In particular,

- the balances and amounts for cash include cash balances in the Consolidated Revenue Fund and amounts for cash in transit but are net of outstanding cheques and warrants, and
- specified purpose accounts, other than pension accounts, are included under current liabilities.

GOVERNMENT OF CANADA

CONDENSED STATEMENT OF NET REVENUE AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 1993

(in millions of dollars)

	1993	1992
REVENUE		
Tax revenue		
Income tax	85,287	87,236
Excise taxes and duties	26,080	25,196
Other	271	273
Total	111,638	112,705
Non-tax revenue	9,814	9,327
TOTAL REVENUE	121,452	122,032
EXPENDITURE		
Transfer payments		
Payments to persons	41,853	40,774
Payments to other levels of government	28,804	26,966
Other transfer payments	14,803	14,213
Total	85,460	81,953
Crown corporations expenditures	6,180	5,301
Other program expenditures	30,897	28,010
Program spending	122,537	115,264
Public debt charges	39,394	41,231
TOTAL EXPENDITURE	161,931	156,495
DEFICIT FOR THE YEAR	40,479	34,463
ACCUMULATED DEFICIT		
Beginning of year (restated per Note iii)	424,812	390,349
End of year	465,291	424,812

GOVERNMENT OF CANADA

CONDENSED STATEMENT OF ASSETS AND LIABILITIES

AS OF MARCH 31, 1993

(in millions of dollars)

	1993	1992
LIABILITIES		
Current liabilities		
Accounts payable and accruals	16,806	18,140
Allowance for guarantees and employee benefits	7,840	7,070
Other	3,543	3,578
	28,189	28,788
Pension accounts		
Canada Pension Plan (net of securities held)	2,839	3,181
Public sector pensions	87,911	81,881
	90,750	85,062
Unmatured debt		
Marketable bonds	181,323	161,499
Canada saving bonds	34,369	35,598
Treasury bills	162,050	152,300
Other	4,999	2,488
	382,741	351,885
TOTAL LIABILITIES	501,680	465,735
ASSETS		
Current assets		
Cash	2,584	981
Accounts receivable (net of allowance for doubtful accounts)	3,968	4,208
	6,552	5,189
Foreign exchange accounts including gold	10,797	16,545
Loans, investments and advances		
Enterprise Crown corporations	19,537	18,150
Other	13,793	13,659
	33,330	31,809
Less: Allowances for valuation	14,290	12,620
	19,040	19,189
TOTAL FINANCIAL ASSETS	36,389	40,923
ACCUMULATED DEFICIT	465,291	424,812

GOVERNMENT OF CANADA

CONDENSED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993

(in millions of dollars)

	1993	1992
FINANCIAL REQUIREMENTS FOR:		
OPERATING ACTIVITIES		
Deficit for the year	40,479	34,463
Less items not requiring cash:		
Provision for valuation of assets and liabilities	760	(2,130)
Government contribution for employee benefits	1,489	1,271
Interest on pension and other accounts	8,958	8,357
	11,207	7,498
Cash required to meet deficit	29,272	26,965
Benefit payments from pension and other accounts	3,594	2,644
Changes in other assets and liabilities	614	(696)
	33,480	28,913
INVESTING ACTIVITIES		
Net increase in loans, investments and advances	1,521	854
Cash required for investing activities	1,521	854
CASH REQUIREMENTS BEFORE FOREIGN EXCHANGE TRANSACTIONS	35,001	29,767
Net decrease in foreign exchange accounts	5,748	2,023
TOTAL CASH REQUIREMENTS	29,253	27,744
FINANCED BY:		
Net increase (decrease) in borrowings		
Canadian currency	28,891	29,064
Foreign currency	1,965	(1,082)
	30,856	27,982
NET INCREASE IN CASH BALANCES	1,603	238
Cash at beginning of year	981	743
Cash at end of year	2,584	981

GOVERNMENT OF CANADA
CONDENSED FINANCIAL STATEMENTS
NOTES

Introduction

These notes are a brief summary of the accounting policies followed by the Government of Canada. For more detailed notes on accounting policies and for more extensive information on the financial position and results of operations of the government including contingencies, commitments, insurance activities, and subsequent events, the reader is referred to the detailed audited financial statements in Section 2 of this volume.

Significant Accounting Policies

(i) Reporting entity

The Government of Canada as a reporting entity comprises all organizations which are owned or controlled by the Government. All these organizations are consolidated in the financial statements with the exception of enterprise Crown corporations which are accounted for by the cost method. Enterprise Crown corporations are defined as those which carry on commercial activity with outside parties and which are not financially dependent on parliamentary funding.

(ii) Accounting principles

In general, the government accounts for transactions on an accrual basis with three notable exceptions:

- (a) Tax revenues and refunds are accounted for on a cash basis (when taxes are collected and when refunds are paid out),
- (b) Intangible and physical assets, including inventories, are fully charged to expenditures at the time of acquisition or construction, and
- (c) Prepaid expenses and deferred costs are charged to expenditures in the year in which they are incurred.

As a consequence of these principles, only financial assets are recorded on the Statement of Assets and Liabilities. Financial assets are those that could provide resources to discharge liabilities or finance future operations. Assets include cash, gold, receivables, loans and investments. They are recorded at the lower of cost or net expected realizable value except for gold (1993—9.1 million ounces; 1992—12.3 million ounces) which is valued in terms of Special Drawing Rights (\$61.57 per ounce, \$57.09 per ounce in 1992). Tax revenue receivable is not recorded since tax revenue is accounted for on a cash basis.

All liabilities are recorded on an accrual basis including accounts payable, interest and transfer payments. Public sector pension liabilities are determined on an actuarial basis and allowances are established for outstanding loan guarantees, employee benefits and other obligations. Unmatured debt is recorded at face value. Unamortized discounts in Treasury Bills are netted with accounts payable and accruals.

(iii) Changes in accounting policies

In 1993, changes have been made in accounting policies for loans guarantees and to recognize the effect of wage restraint on the pension liability. The effect of these changes is to increase the accumulated deficit at the beginning of the year by \$1.7 billion. See note 2 to the financial statements in Section 2 for details.

SUPPLEMENTARY FINANCIAL INFORMATION

This part provides a ten year comparative summary of the Government's financial transactions, both on the Public Accounts basis and on the National Accounts basis. The Public Accounts presentation reflects the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume. The National Accounts presentation is designed primarily to facilitate economic analysis of the federal Government sector on a basis consistent with that used in measuring income and expenditure flows in the economy.

Public Accounts Presentation

The "Summary Statement of Transactions" (Table 1.1) provides aggregate data on the major categories of transactions under four main headings: budgetary, non-budgetary, foreign exchange and unmatured debt. The resulting cash position at the end of each year is also shown.

TABLE 1.1

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
SUMMARY STATEMENT OF TRANSACTIONS ⁽¹⁾
(in millions of dollars)

	Year ended March 31									
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
I. Budgetary transactions										
A. Revenue, Table 1.2	64,168	71,056	76,933	85,931	97,612	104,067	113,707	119,353	122,032	121,452
B. Expenditure, Table 1.3	-97,120	-109,628	-111,561	-116,714	-125,863	-133,048	-142,723	-151,441	-156,495	-161,931
Deficit	-32,952	-38,572	-34,628	-30,783	-28,251	-28,981	-29,016	-32,088	-34,463	-40,479
II. Non-budgetary transactions, Table 1.6										
A. Loans, investments and advances	-270	709	41	1,386	1,509	1,088	1,050	430	-184	149
B. Specified purpose accounts	4,566	5,100	5,186	5,328	6,766	4,886	6,418	6,217	5,483	5,653
C. Other transactions	3,437	2,939	-1,109	1,151	1,127	583	1,018	903	-2,636	180
Net source	7,733	8,748	4,118	7,865	9,402	6,557	8,486	7,550	2,663	5,982
Financial requirements (excluding foreign exchange transactions) ⁽³⁾	-25,219	-29,824	-30,510	-22,918	-18,849	-22,424	-20,530	-24,538	-31,800	-34,497
III. Foreign exchange transactions⁽²⁾, Table 1.7	414	2,423	5,626	-6,390	-7,149	-5,730	-697	-4,895	941	7,713
Total financial requirements ⁽³⁾	-24,805	-27,401	-24,884	-29,308	-25,998	-28,154	-21,227	-29,433	-30,859	-26,784
IV. Unmatured debt transactions⁽²⁾, Table 1.7	26,638	26,847	23,770	29,182	22,913	28,454	20,906	30,490	29,064	28,891
Change in cash ⁽⁴⁾	1,833	-554	-1,114	-126	-3,085	300	-321	1,057	-1,795	2,107
V. Cash balance at end of year, Table 1.7	6,412	5,858	4,744	4,618	1,533	1,833	1,512	2,569	774	2,881

Details can be found in other sections of this volume.

(1) Consistent with the Statement of Transactions in Section 2 of this volume.

(2) The change in unmatured debt payable in foreign currencies, -\$1,965 million in 1992-93 (-\$1,082 million in 1991-92), has been included as part of foreign exchange transactions.

(3) Cash requirements (-)

(4) Cash decrease (-)

TABLE 1.2

GOVERNMENT OF CANADA
 PUBLIC ACCOUNTS PRESENTATION
 DETAILED STATEMENT OF REVENUE TRANSACTIONS
 (in millions of dollars)

	Year ended March 31									
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
I. Budgetary transactions										
A. REVENUE, Section 3										
Tax revenue—										
Income tax—										
Personal	26,967	29,254	33,008	37,878	45,125	46,026	51,895	57,601	61,222	58,283
Corporation	7,286	9,379	9,210	9,885	10,878	11,730	13,021	11,726	9,359	8,278
Unemployment insurance contributions	7,259	7,553	8,719	9,558	10,425	11,268	10,738	12,707	15,394	17,535
Non-resident	908	1,021	1,053	1,355	1,162	1,578	1,361	1,372	1,261	1,191
	42,420	47,207	51,990	58,676	67,590	70,602	77,015	83,406	87,236	85,287
Excise taxes and duties—										
Goods and services tax										
Sales tax	6,561	7,592	9,345	11,972	12,927	15,645	17,672	12,635	2,574	15,168
Customs import duties	3,376	3,794	3,971	4,187	4,385	4,521	4,587	4,001	-1,969	3,999
Energy taxes	4,168	4,479	3,348	1,965	2,603	2,646	2,471	3,192	3,441	3,437
Other	2,110	2,312	2,827	2,925	3,026	2,959	3,425	3,711	4,557	4,103
	16,215	18,177	19,491	21,049	22,941	25,771	28,155	26,113	25,196	26,080
Other tax revenue	126	107	126	144	207	265	226	279	273	271
Total tax revenue	58,761	65,491	71,607	79,869	90,738	96,638	105,396	109,798	112,705	111,638
Non-tax revenue—										
Return on investments—										
Bank of Canada	1,713	1,858	1,856	1,971	1,871	1,938	2,239	2,809	1,844	1,806
Canada Mortgage and Housing Corporation	941	913	892	866	853	845	822	772	753	746
Farm Credit Corporation	424	463	386	354	326	301	239	230	215	226
Exchange Fund Account	345	224	-505	366	752	1,658	1,661	2,258	2,900	3,209
Interest on bank deposits	395	243	278	219	279	256	278	285	192	169
Other return on investments	448	597	754	479	656	549	611	453	617	682
	4,266	4,298	3,661	4,255	4,737	5,547	5,850	6,807	6,521	6,838
Other non-tax revenue	1,141	1,267	1,665	1,807	2,137	1,882	2,461	2,748	2,806	2,976
Total non-tax revenue	5,407	5,565	5,326	6,062	6,874	7,429	8,311	9,555	9,327	9,814
Total net revenue	64,168	71,056	76,933	85,931	97,612	104,067	113,707	119,353	122,032	121,452

TABLE 1.3

GOVERNMENT OF CANADA
 PUBLIC ACCOUNTS PRESENTATION
 DETAILED STATEMENT OF EXPENDITURE TRANSACTIONS
 (in millions of dollars)

	Year ended March 31									
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
I. Budgetary transactions										
B. EXPENDITURE, Section 4										
Transfer payments—										
To persons—										
Old age security benefits, guaranteed income supplements and spouses' allowances	10,406	11,418	12,525	13,445	14,349	15,202	16,154	17,131	18,393	19,106
Unemployment insurance benefits	9,782	10,052	10,036	10,444	10,487	10,972	11,694	14,665	18,126	19,065
Family allowances	2,326	2,418	2,501	2,534	2,564	2,606	2,653	2,736	2,821	2,194
Other	1,177	1,323	1,525	1,393	1,510	1,596	1,543	1,406	1,434	1,488
	23,691	25,211	26,587	27,816	28,910	30,376	32,044	35,938	40,774	41,853
To other levels of Government—										
Fiscal arrangements	5,977	5,985	5,941	6,302	7,007	8,127	8,653	8,280	8,854	7,591
Insurance and medical care services	5,564	6,330	6,400	6,607	6,558	6,678	6,663	6,033	6,689	8,307
Canada Assistance Plan	3,288	3,745	3,916	4,051	4,246	4,556	5,006	5,788	6,099	6,686
Education support	2,065	2,265	2,277	2,232	2,242	2,227	2,166	1,862	2,142	2,887
Other	1,228	1,548	1,725	1,461	1,949	2,495	2,643	2,327	3,182	3,333
	18,122	19,873	20,259	20,653	22,002	24,083	25,131	24,290	26,966	28,804
Other transfer payments	11,554	13,580	12,137	12,437	13,977	13,444	12,953	12,874	14,213	14,803
	53,367	58,664	58,983	60,906	64,889	67,903	70,128	73,102	81,953	85,460
Crown corporations expenditures	4,835	6,232	4,493	4,987	6,254	5,763	5,292	5,852	5,301	6,180
Operating and capital expenditures—										
National Defence	7,679	8,636	8,937	9,788	10,554	10,761	11,217	11,518	10,901	10,939
All other departments and agencies	13,162	13,641	13,707	14,375	15,138	15,452	17,266	18,432	17,109	19,958
	20,841	22,277	22,644	24,163	25,692	26,213	28,483	29,950	28,010	30,897
Total program spending	79,043	87,173	86,120	90,056	96,835	99,879	103,903	108,904	115,264	122,537
Public debt charges	18,077	22,455	25,441	26,658	29,028	33,169	38,820	42,537	41,231	39,394
Total net expenditure	97,120	109,628	111,561	116,714	125,863	133,048	142,723	151,441	156,495	161,931

TABLE 1.4

GOVERNMENT OF CANADA
 PUBLIC ACCOUNTS PRESENTATION
 COMPARATIVE STATEMENT OF FINANCIAL ASSETS AND LIABILITIES
 (in millions of dollars)

	Year ended March 31									
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
FINANCIAL ASSETS										
<i>LOANS, INVESTMENTS AND ADVANCES</i>										
Enterprise Crown corporations	21,852	21,135	21,252	20,422	18,972	18,238	17,678	17,428	18,150	19,537
Less: allowance for valuation	3,700	3,800	3,700	3,800	3,400	4,200	3,500	3,600	3,800	5,050
	18,152	17,335	17,552	16,622	15,572	14,038	14,178	13,828	14,350	14,487
Other	14,317	15,024	15,166	14,610	14,251	14,497	13,507	13,527	13,659	13,793 ⁽¹⁾
Less: allowance for valuation	7,251	7,850	8,250	8,150	8,250	8,050	8,250	8,350	8,820	9,240
	7,066	7,174	6,916	6,460	6,001	6,447	5,257	5,177	4,839	4,553
Total Net Loans, Investments and Advances	25,218	24,509	24,468	23,082	21,573	20,485	19,435	19,005	19,189	19,040
<i>FOREIGN EXCHANGE ACCOUNTS</i>										
International reserves held in the Exchange Fund										
Account	3,623	4,211	3,459	8,212	14,779	17,422	15,393	19,066	17,148	10,879
International Monetary Fund—Subscriptions	3,995	3,985	4,670	4,936	5,038	4,534	4,474	4,565	4,797	7,599
Less: International Monetary Fund—Notes payable and Special Drawing Rights allocations	4,302	4,332	5,151	5,580	5,815	5,186	5,045	5,063	5,400	7,681
Total Net Foreign Exchange Accounts	3,316	3,864	2,978	7,568	14,002	16,770	14,822	18,568	16,545	10,797
<i>ACCOUNTS RECEIVABLE</i>										
1,447	1,516	1,590	1,711	1,838	2,157	2,421	3,165	4,208	3,968	
<i>CASH IN TRANSIT</i>										
1,876	1,882	1,693	1,468	2,322	2,087	2,035	2,196	2,902	2,931	
<i>CASH</i>										
6,412	5,858	4,744	4,618	1,533	1,833	1,512	2,569	774	2,881	
TOTAL FINANCIAL ASSETS	38,269	37,629	35,473	38,447	41,268	43,332	40,225	45,503	43,618	39,617
ACCUMULATED DEFICIT	168,030	206,602	241,230	272,013	300,264	329,245	358,261	390,349	424,812	465,291
TOTAL	206,299	244,231	276,703	310,460	341,532	372,577	398,486	435,852	468,430	504,908
LIABILITIES										
<i>SPECIFIED PURPOSE ACCOUNTS</i>										
Canada Pension Plan (net)	1,307	1,502	1,773	1,978	2,284	2,540	2,962	3,459	3,181	2,839
Pension liability (net)	38,009	42,312	46,994	51,992	57,417	63,241	69,626	76,139	81,881	87,911
Government Annuities Account	1,124	1,095	1,060	1,024	987	948	907	864	821	778
Deposit and trust accounts	1,099	1,353	1,776	1,795	1,747	1,221	1,156	1,114	1,103	1,143
Provincial tax collection agreements										
account	1,308	1,617	1,390	1,447	2,497	1,766	1,398	585	344	
Other	409	477	549	634	704	806	891	996	1,310	1,622
Total Specified Purpose Accounts	43,256	48,356	53,542	58,870	65,636	70,522	76,940	83,157	88,640	94,293
OTHER LIABILITIES	20,142	23,156	21,932	22,979	25,087	25,754	26,984	28,792	27,905	27,874
<i>UNMATURED DEBT</i>										
Payable in Canadian currency	136,815	163,662	187,432	216,614	239,527	267,981	288,887	319,377	348,441	377,332
Payable in foreign currencies	6,086	9,057	13,797	11,997	11,282	8,320	5,675	4,526	3,444	5,409
Total Unmatured Debt	142,901	172,719	201,229	228,611	250,809	276,301	294,562	323,903	351,885	382,741
TOTAL	206,299	244,231	276,703	310,460	341,532	372,577	398,486	435,852	468,430	504,908

⁽¹⁾ In 1993, the Provincial tax collection agreements account is in a debit position of \$404 million and is reported under Loans, investments and advances—Other.

TABLE 1.5

GOVERNMENT OF CANADA
 PUBLIC ACCOUNTS PRESENTATION
 STATEMENT OF RETROACTIVE ADJUSTMENTS TO THE ACCUMULATED DEFICIT
 (in millions of dollars)

	Year ended March 31									
	1984	1985	1986	1987	1988	1989	1990	1991	1992	
Accumulated deficit—As previously reported	167,835	206,347	240,930	271,663	299,864	328,815	357,811	388,429	423,072	
Restatement following changes in accounting policies concerning:										
loan guarantees	195	255	300	350	400	430	450	620	590	
pension liability								1,300	1,150	
Revised accumulated deficit—End of year	168,030	206,602	241,230	272,013	300,264	329,245	358,261	390,349	424,812	

TABLE 1.6

GOVERNMENT OF CANADA
 PUBLIC ACCOUNTS PRESENTATION
 DETAILED STATEMENT OF NON-BUDGETARY TRANSACTIONS
 (in millions of dollars)

	Year ended March 31									
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
II. Non-budgetary transactions										
A. LOANS, INVESTMENTS AND ADVANCES, Section 6										
Enterprise Crown corporations—										
Canada Deposit Insurance Corporation	140	-40	-895	-268	-131	-361	320	150	-560	-1,300
Canada Mortgage and Housing Corporation	194	364	195	254	234	273	201	194	65	238
Canadian National Railway Company	-62	2	9	352	29	12	12	13	15	16
Export Development Corporation	-5	39	64	49	55	25	-75	-16		
Farm Credit Corporation	-379	172	214	591	-179	230	104	-82	-159	71
Federal Business Development Bank	172	157	119	93	51				-10	
Other	428	23	177	-241	1,391	555	-2	-9	-73	-412
	488	717	-117	830	1,450	734	560	250	-722	-1,387
Allowance for valuation	-60	100	-100	100	-400	800	-700	100	200	1,250
Total enterprise Crown corporations	428	817	-217	930	1,050	1,534	-140	350	-522	-137
Other loans, investments and advances—										
Provincial and territorial governments	35	67	110	89	37	28	-140	86	118	-672
National governments including developing countries	-167	-172	-142	124	81	132	696	19	-59	152
International organizations (subscriptions less notes)	-335	-378	-220	46	15	-24	-70	-37	-105	-197
Joint and mixed enterprises										
Petro-Canada	-660									
Other	7	-93	-61	237	319	36	362			88
Miscellaneous	-341	-131	171	60	-93	-418	142	-88	-86	495
	-1,461	-707	-142	556	359	-246	990	-20	-132	-134
Allowance for valuation	763	599	400	-100	100	-200	200	100	470	420
Total other loans, investments and advances	-698	-108	258	456	459	-446	1,190	80	338	286
Total loans, investments and advances after allowance for valuation	-270	709	41	1,386	1,509	1,088	1,050	430	-184	149
B. SPECIFIED PURPOSE ACCOUNTS, Section 7										
Liability accounts—										
Canada Pension Plan (net)	134	195	271	205	306	256	422	497	-278	-342
Pension liability (net)	3,865	4,303	4,682	4,998	5,425	5,825	6,385	6,511	5,742	6,030
Government Annuities Account	-26	-29	-35	-36	-37	-39	-41	-43	-43	-43
Deposit and trust accounts	260	254	423	19	-47	-526	-65	-42	-11	40
Provincial tax collection agreements account	277	309	-227	57	1,050	-731	-368	-813	-241	-344
Other	56	68	72	85	69	101	85	107	314	312
Total specified purpose accounts	4,566	5,100	5,186	5,328	6,766	4,886	6,418	6,217	5,483	5,653
C. OTHER TRANSACTIONS, Sections 8 and 11										
Accounts receivable	67	-69	-74	-121	-127	-319	-264	-744	-1,043	240
Cash in transit	689	-6	189	225	-854	235	52	-161	-706	-29
Other liabilities	2,681	3,014	-1,224	1,047	2,108	667	1,230	1,808	-887	-31
Total other transactions	3,437	2,939	-1,109	1,151	1,127	583	1,018	903	-2,636	180
Net non-budgetary transactions after allowance for valuation	7,733	8,748	4,118	7,865	9,402	6,557	8,486	7,550	2,663	5,982
Summary—										
Net non-budgetary transactions before allowance for valuation	7,030	8,049	3,818	7,865	9,702	5,957	8,986	7,350	1,993	4,312
Allowance for valuation	703	699	300		-300	600	-500	200	670	1,670
Net non-budgetary transactions after allowance for valuation	7,733	8,748	4,118	7,865	9,402	6,557	8,486	7,550	2,663	5,982

Source/requirement (-)

TABLE 1.7

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
III. Foreign exchange transactions, Section 9										
International reserves held in the Exchange Fund										
Account	1,013	-588	752	-4,753	-6,567	-2,643	2,029	-3,673	1,918	6,269
International Monetary Fund—Subscriptions	-1,279	10	-685	-266	-102	504	60	-91	-232	-2,802
-266	-578	67	-5,019	-6,669	-2,139	2,089	-3,764	1,686	3,467	
Less: International Monetary Fund—Notes payable ..	-961	-32	-637	-359	-208	495	126	5	-275	-2,181
Special Drawing Rights allocations	-18	2	-182	-70	-27	134	15	-23	-62	-100
-979	-30	-819	-429	-235	629	141	-18	-337	-2,281	
Unmatured debt transactions payable in foreign currencies	-299	2,971	4,740	-1,800	-715	-2,962	-2,645	-1,149	-1,082	1,965
Total foreign exchange transactions	414	2,423	5,626	-6,390	-7,149	-5,730	-697	-4,895	941	7,713
IV. Unmatured debt transactions, Section 10										
Marketable bonds	7,281	12,379	15,584	13,337	9,928	10,899	10,689	15,294	14,395	19,823
Canada savings bonds	5,563	3,756	2,285	64	9,014	-5,567	-6,827	-6,485	1,154	-1,229
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund	18	16	240	1,351	696	513	67	420	9	4
Treasury bills	12,575	10,600	9,650	15,000	4,100	21,650	15,850	20,600	13,150	9,750
Notes and loans	1,085	2,987	861	-2,823	-1,171	-2,015	-1,734	-163	-7	-7
Canada bills				1,045		86	315	-438	-1,008	2,552
26,522	29,738	28,620	27,974	22,567	25,566	18,360	29,228	27,693	30,893	
Less: Government's holdings of unmatured debt—										
Marketable bonds	172	-122	137	-175	141	10	107	-58	-132	54
Canada savings bonds held on account of employees	11	42	-27	36	11	10	-36	19	-57	8
Canada savings bonds held on account of the Payroll Savings Plan				731	217	54	28	-74	-100	-25
Unmatured debt transactions payable in foreign currencies	-299	2,971	4,740	-1,800	-715	-2,962	-2,645	-1,149	-1,082	1,965
-116	2,891	4,850	-1,208	-346	-2,888	-2,546	-1,262	-1,371	2,002	
Total unmatured debt transactions payable in Canadian currency	26,638	26,847	23,770	29,182	22,913	28,454	20,906	30,490	29,064	28,891
V. Cash balance at end of year, Section 11										
In Canadian currency	6,329	5,779	4,566	4,479	1,381	1,708	1,369	2,459	677	2,774
In foreign currencies	83	79	178	139	152	125	143	110	97	107
Total cash balance	6,412	5,858	4,744	4,618	1,533	1,833	1,512	2,569	774	2,881

Source/requirement (-)

TABLE 1.8

GOVERNMENT OF CANADA
 PUBLIC ACCOUNTS PRESENTATION
 DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS
 (in millions of dollars)

	Year ended March 31									
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
CANADA PENSION PLAN										
Receipts—										
Employer and employee contributions	3,716	3,879	4,495	4,976	5,583	6,248	7,278	7,969	8,391	8,993
Investment income	2,534	2,889	3,162	3,404	3,669	3,913	4,182	4,410	4,463	4,499
Disbursements—										
Pensions	-3,657	-4,224	-4,887	-5,722	-7,329	-8,445	-9,473	-10,541	-11,793	-13,199
Administration expenses	-89	-100	-111	-140	-135	-133	-145	-163	-134	-168
Net	2,504	2,444	2,659	2,518	1,788	1,583	1,842	1,675	927	125
Investments—Securities in Investment Fund	-2,370	-2,249	-2,388	-2,313	-1,482	-1,327	-1,420	-1,178	-1,205	-467
Total (net) Canada Pension Plan	134	195	271	205	306	256	422	497	-278	-342
SUPERANNUATION ACCOUNTS										
Public Service Superannuation Account—										
Receipts—										
Government contribution	349	373	391	398	427	434	426	478	621	763
Employee contributions	362	379	384	410	415	406	456	483	558	585
Public Service corporations—Employer and employee contributions	239	246	246	242	240	248	253	252	305	319
Interest	1,261	1,616	1,993	2,445	2,775	3,075	3,392	3,745	4,593	4,988
Actuarial liability adjustment									506	
Other	21	21	25	31	31	33	42	43	48	38
Disbursements—										
Annuities	-576	-647	-740	-835	-931	-1,037	-1,142	-1,247	-2,164	-2,307
Other	-42	-49	-65	-77	-116	-159	-118	-107	-114	-116
Transfer from the Supplementary Retirement Benefits Account										4,395
Change in unamortized portion of actuarial deficiency	481	356	244	53						
Net	2,095	2,295	2,478	2,667	2,841	3,000	3,309	3,647	8,748	4,270
Canadian Forces Superannuation Account—										
Receipts—										
Government contribution	200	212	223	233	247	255	270	288	401	424
Employee contributions	113	120	125	131	139	142	151	161	188	185
Interest	933	1,125	1,350	1,546	1,782	1,968	2,161	2,370	2,726	2,922
Actuarial liability adjustment										
Other	2	2	2	3	2	3	4	4	4	4
Disbursements—										
Annuities	-336	-363	-394	-426	-459	-499	-544	-586	-1,113	-1,169
Other	-10	-13	-16	-17	-20	-25	-31	-31	-26	-31
Transfer from the Supplementary Retirement Benefits Account										1,207
Change in unamortized portion of actuarial deficiency	239	203	152	62	4		-1	-2	-2	-1
Net	1,161	1,286	1,442	1,532	1,695	1,844	2,010	2,204	3,385	2,334
Royal Canadian Mounted Police Superannuation Account—										
Receipts—										
Government contribution	65	67	68	72	82	99	71	93	105	120
Employee contributions	34	34	34	37	40	41	43	47	60	62
Interest	127	157	196	237	271	307	349	393	478	532
Actuarial liability adjustment										
Disbursements—										
Annuities	-21	-24	-27	-33	-40	-48	-59	-68	-96	-111
Other	-2	-2	-2	-3	-2	-2	-2	-3	-2	-3
Transfer from the Supplementary Retirement Benefits Account										328
Change in unamortized portion of actuarial deficiency	22	19	11	1						
Net	225	251	280	311	351	397	402	462	873	600

TABLE 1.8

GOVERNMENT OF CANADA
 PUBLIC ACCOUNTS PRESENTATION
 DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS—*Concluded*
 (in millions of dollars)

	Year ended March 31										
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	
Members of Parliament Retiring Allowances Account—											
Receipts—											
Government contribution	2	2	2	2	2	2	2	2	2	2	
Members' contributions	2	2	2	2	2	2	2	2	2	1	
Interest	2	2	2	3	3	3	3	3	3	21	
Actuarial liability adjustment										158	
Disbursements—											
Annuities	-3	-5	-4	-4	-5	-7	-6	-6	-7	-10	
Transfer from the Supplementary Retirement Benefits Account										10	
Net	3	1	2	3	2		1	1	168	14	
Members of Parliament Retirement Compensation Arrangements Account—											
Receipts—											
Government contribution									3	11	
Members' contributions										2	
Interest										1	
Disbursements—											
Annual allowances										-7	
Net									3	7	
Supplementary Retirement Benefits Account—											
Receipts—											
Government contribution	94	100	103	111	115	115	130	139	1	1	
Employee contributions	94	100	103	111	115	115	129	139	1	1	
Public Service corporations—Employer and employee contributions	45	46	47	45	48	50	52	52			
Other	185	260	268	273	332	398	471	610	3	3	
Disbursements—											
Annuities	-27	-25	-27	-37	-53	-71	-94	-118			
Transfer to other superannuation accounts										-5,940	
Other	-10	-11	-14	-18	-21	-23	-25	-25			
Net	381	470	480	485	536	584	663	797	-5,935	5	
	3,865	4,303	4,682	4,998	5,425	5,825	6,385	7,111	7,242	7,230	
Allowance for the actuarial liability for pensions									-600	-1,500	-1,200
Total (net) superannuation accounts	3,865	4,303	4,682	4,998	5,425	5,825	6,385	6,511	5,742	6,030	
Source/requirement (-)											

National Accounts Presentation

The National Income and Expenditure Accounts were developed as a basis for economic analysis of income and expenditure flows in the economy. The concepts and definitions applied to the Government sector are consistent with those applied to other sectors and follow international practices developed under the aegis of the United Nations. The economic nature of a transaction is the determining factor in its classification within the National Accounts framework.

In 1992-93, the National Accounts deficit decreased by \$219 million or .8 percent from the 1991-92 level. This reflects a trend to the decrease of the federal deficit due mainly to the policy of the expenditure control.

TABLE 1.9

GOVERNMENT OF CANADA
NATIONAL ACCOUNTS PRESENTATION
DETAILED STATEMENT OF REVENUE AND EXPENDITURE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
I. National Accounts transactions⁽¹⁾										
A. REVENUE—										
Direct taxes—										
Persons	35,715	37,893	44,218	50,110	56,688	58,872	65,351	74,742	79,669	80,445
Corporations	10,049	11,354	11,418	10,357	11,968	12,503	12,382	11,040	9,639	10,292
Non-residents	1,051	1,170	1,192	1,448	1,418	1,808	1,421	1,610	1,662	1,482
<i>Total direct taxes</i>	<i>46,815</i>	<i>50,417</i>	<i>56,828</i>	<i>61,915</i>	<i>70,074</i>	<i>73,183</i>	<i>79,154</i>	<i>87,392</i>	<i>90,970</i>	<i>92,219</i>
Indirect taxes	16,789	18,719	18,708	21,812	24,254	26,362	29,344	26,364	31,245	30,857
Other current transfers from persons	16	18	24	23	25	28	32	36	44	48
Investment income	6,567	7,256	7,933	8,067	9,023	10,406	11,454	12,549	12,834	12,667
Capital consumption allowances	1,077	1,176	1,255	1,303	1,354	1,452	1,539	1,592	1,577	1,680
<i>Total revenue</i>	<i>71,264</i>	<i>77,586</i>	<i>84,748</i>	<i>93,120</i>	<i>104,730</i>	<i>111,431</i>	<i>121,523</i>	<i>127,933</i>	<i>136,670</i>	<i>137,471</i>
B. EXPENDITURE—										
Current goods and services—										
Defence	7,560	8,447	9,203	9,505	10,226	10,618	11,069	11,689	11,515	11,592
Non-defence	12,603	13,314	14,115	14,600	14,803	15,612	17,446	18,642	20,100	19,501
<i>Total current goods and services</i>	<i>20,163</i>	<i>21,761</i>	<i>23,318</i>	<i>24,105</i>	<i>25,029</i>	<i>26,230</i>	<i>28,515</i>	<i>30,331</i>	<i>31,615</i>	<i>31,093</i>
Transfer payments to persons	28,254	30,440	31,809	33,570	34,799	36,419	38,916	43,907	51,085	53,656
Subsidies	5,825	7,804	5,206	5,405	6,347	5,583	4,901	5,362	7,013	5,139
Capital assistance	3,239	3,452	2,716	2,414	1,792	1,561	1,572	1,566	1,265	1,088
Current transfers to non-residents	1,282	1,541	1,537	1,904	2,262	2,471	2,951	2,323	2,713	2,404
Interest on the public debt	17,900	22,116	25,102	26,385	28,680	32,885	38,570	42,319	41,090	38,793
Transfers to provinces	18,316	20,120	20,269	20,959	22,781	23,953	25,212	25,831	26,882	30,068
Transfers to local governments	528	503	488	523	653	702	884	882	946	878
Gross capital formation	1,714	2,433	2,175	1,944	1,897	2,219	2,257	2,209	2,282	2,354
<i>Total expenditure</i>	<i>97,221</i>	<i>110,170</i>	<i>112,620</i>	<i>117,209</i>	<i>124,240</i>	<i>132,023</i>	<i>143,778</i>	<i>154,730</i>	<i>164,891</i>	<i>165,473</i>
<i>Deficit</i>	<i>-25,957</i>	<i>-32,584</i>	<i>-27,872</i>	<i>-24,089</i>	<i>-19,510</i>	<i>-20,592</i>	<i>-22,255</i>	<i>-26,797</i>	<i>-28,221</i>	<i>-28,002</i>

⁽¹⁾ These "National Accounts transactions" are consistent with those released by Statistics Canada on August 31, 1993.

Public Accounts and National Accounts

Reconciliation

The reconciliation of transactions between the Public Accounts and National Accounts is set out in the table that follows. The major factors which give rise to the need for a reconciliation are listed below.

The deficits of Government business enterprises which are outside the Government accounting entity are, for Public Accounts presentation purposes, met through budgetary appropriations and are thus recorded as budgetary expenditure. In the National Accounts presentation, these deficits are netted against Government investment income.

Revenue in the Public Accounts is recorded on a cash basis with the exception of the non-tax revenue. While the major portion of National Accounts revenue is accounted for on a cash basis, certain items, such as corporate income taxes and the oil export charges, are reported on an accrual basis. This difference also results in a different treatment of the acceleration of source deductions and sales and excise taxes by large firms.

Transactions of employee pension accounts are treated as non-budgetary in the Public Accounts, although the Government's contributions to, and interest

payments on, these accounts are included in expenditure. Employer and employee contributions to these accounts, plus any related interest income, form part of Government revenue in the National Accounts presentation, and pension payments form part of Government expenditure.

In the Public Accounts presentation, the purchase of capital assets such as buildings and machinery is recorded as a budgetary expenditure in the year of acquisition. Only newly produced capital assets and capital expenditures are included in National Accounts expenditure. The National Accounts also ignore the sale of capital assets as such sales are not deemed to give rise to production. Both Government revenue and expenditure include an allowance for the depreciation of capital assets in the National Accounts termed "Capital consumption allowance". This item is not a part of Public Accounts reporting.

Both the Public Accounts and the National Accounts include the financial activities of the Consolidated Crown corporations. However, the inclusions are not identical.

TABLE 1.10

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION
 (in millions of dollars)

	Year ended March 31									
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Budgetary revenue—Public Accounts	64,168	71,056	76,933	85,931	97,612	104,067	113,707	119,353	122,032	121,452
Reconciling items—										
Government pension receipts	4,965	5,528	6,070	6,548	7,176	7,756	8,523	9,440	10,926	11,440
Corporate income tax—Excess of accruals										
over collections	520	-458	-138	-58	1,428	773	-639	-686	280	2,014
Capital consumption allowances	1,077	1,176	1,255	1,303	1,354	1,452	1,539	1,592	1,577	1,680
Petroleum compensation charge ⁽¹⁾	1,833	2,291	690				-1	3		
Non-tax revenue ⁽²⁾	-656	-835	-989	-968	-1,260	-1,190	-1,316	-1,276	-1,281	-1,303
Deficits of Government business enterprises	-1,088	-1,104	-933	-938	-937	-907	-991	-849	-806	-773
Goods and services tax								1,258	2,767	3,376
Miscellaneous ⁽³⁾	445	-68	1,860	1,302	-643	-520	701	-902	1,175	-415
Total revenue—National Accounts	71,264	77,586	84,748	93,120	104,730	111,431	121,523	127,933	136,670	137,471
Budgetary expenditure—Public Accounts	97,120	109,628	111,561	116,714	125,863	133,048	142,723	151,441	156,495	161,931
Reconciling items—										
Government pension payments	1,029	1,139	1,285	1,437	1,600	1,801	1,978	2,073	2,489	2,500
Net expenditure of funds and agencies ⁽⁴⁾	1,403	1,457	1,442	1,568	1,555	1,344	1,661	1,167	1,362	986
Capital consumption allowances	1,077	1,176	1,255	1,303	1,354	1,452	1,539	1,592	1,577	1,680
Petroleum compensation program ⁽⁵⁾	1,763	2,238	1,133	6	60					
Non-tax revenue ⁽⁶⁾	-656	-835	-989	-968	-1,260	-1,190	-1,316	-1,276	-1,281	-1,303
Deficits of Government business enterprises	-1,088	-1,104	-933	-938	-937	-907	-991	-849	-806	-773
Budgetary transfers to funds and agencies	-1,232	-1,526	-1,273	-1,213	-1,336	-1,335	-1,265	-1,063	-1,223	-1,061
Goods and services tax—Transfer and subsidies								754	3,158	2,574
Miscellaneous ⁽⁷⁾	-2,195	-2,003	-861	-700	-2,659	-2,190	-551	891	3,120	-1,061
Total expenditure—National Accounts	97,221	110,170	112,620	117,209	124,240	132,023	143,778	154,730	164,891	165,473

⁽¹⁾ In the Public Accounts, the petroleum compensation charge is netted against petroleum compensation payments and included in budgetary expenditure. Gross revenues and payments are recorded in the National Accounts.

⁽²⁾ Various items of non-tax revenue, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

⁽³⁾ Major items under miscellaneous include adjustments for proceeds from the sale of used capital assets, air transportation tax, imputed items, the treatment of revenue in the supplementary accounting period after March 31, and the treatment of the acceleration of source deductions and sales and excise taxes by large firms.

⁽⁴⁾ In the National Accounts, budgetary appropriations to various funds and agencies are replaced by net actual expenditures of the funds and agencies.

⁽⁵⁾ This item represents the difference between the gross payments recorded on the National Accounts basis and net payments recorded on the Public Accounts basis.

⁽⁶⁾ Various non-tax revenues, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

⁽⁷⁾ Major items under miscellaneous include adjustments for reserves and write-offs, provision for the valuation of assets and liabilities, purchase of used capital assets, imputed items, the treatment of expenditure and for all items in the reconciliation in the supplementary accounting period after March 31.

SECTION 2

1992-93 PUBLIC ACCOUNTS

Financial Statements of the Government of Canada and Opinions of the Auditor General

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PREFACE TO THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of the financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. The financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, financial requirements and changes in financial position for the year. Two supplementary statements report transactions under the *Spending Control Act* and the *Debt Servicing and Reduction Account Act*.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund"; second, that the balance of the Fund, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenue can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the Consolidated Revenue Fund (CRF). All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty also may borrow only as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The financial statements consist of five statements and accompanying notes.

The first statement is the Statement of Transactions, which shows the extent to which cash going out from the Government exceeded cash coming in (financial requirements), and the resulting net new borrowing. The financial transactions are classified into the following categories:

- **Budgetary transactions** are all transactions with outside parties which enter into the calculation of the annual deficit or surplus of the Government, that is, tax and non-tax revenue, together with expenditures.
- **Non-budgetary transactions** are all transactions in loans, investments and advances, in liabilities for the administration of certain public money received or collected for special purposes, and in all other assets and liabilities, other than those related to foreign exchange and unmatured debt.

- **Foreign exchange transactions** are all transactions in international reserves held in the Exchange Fund Account (the principal objective of which is to aid in the control and protection of the external value of the Canadian dollar), accounting for the net position of the Government with respect to the International Monetary Fund, and unmatured debt payable in foreign currencies.
- **Unmatured debt transactions** show increases or decreases in unmatured debt, that is, the net change in amounts owing for marketable bonds, Canada savings bonds, special non-marketable bonds issued to the Canada Pension Plan Investment Fund and Treasury bills. They exclude unmatured debt payable in foreign currencies.

The second statement is the Statement of Accumulated Deficit, which reflects the net accumulation of annual deficits and surpluses since Confederation. Because of changes in accounting policies introduced this year on a retroactive basis, the accumulated deficit at the beginning of the year, shown for 1992 and 1993, has been restated.

The third statement is the Statement of Revenue and Expenditure, which presents the Government's revenue and expenditure (results of operations) for the year.

The fourth statement is the Statement of Assets and Liabilities. This statement discloses the Government's cash balances and investments, and amounts owing to and by the Government at the end of the year. It differs in some ways from a conventional private sector balance sheet. Two major differences concern items that are not reported on this statement: capital assets, having been accounted for as expenditures, and tax revenues receivable since tax revenues are reported on a cash basis. The difference, therefore, between total assets and total liabilities is simply the aggregate of annual budgetary deficits and surpluses determined in accordance with the accounting policies of the Government.

The fifth statement is the Statement of Changes in Financial Position, which provides information on the Government's cash requirements for operating and investing activities, and how these activities were financed.

In addition to the financial statements, two supplementary statements provide details of transactions under the *Spending Control Act* and the *Debt Servicing and Reduction Account Act*. The *Spending Control Act* deals with limiting program spending for the period from 1991-92 to 1995-96 inclusive to the levels projected in the February 1991 Budget. The *Debt Servicing and Reduction Account Act* calls for certain revenues including the Goods and Services Tax (GST) to be used to service the public debt and not to fund new program spending.

Other sections in this volume, together with Volume II of the Public Accounts are designed to provide more detailed supplementary information in respect of matters reported in the financial statements. The opinion of the Auditor General on the financial statements does not extend to this supplementary information.

STATEMENT OF RESPONSIBILITY

The financial statements in this section were prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the statements and, except for the changes in accounting policies as explained in Note 2, on a basis consistent with that of the preceding year.

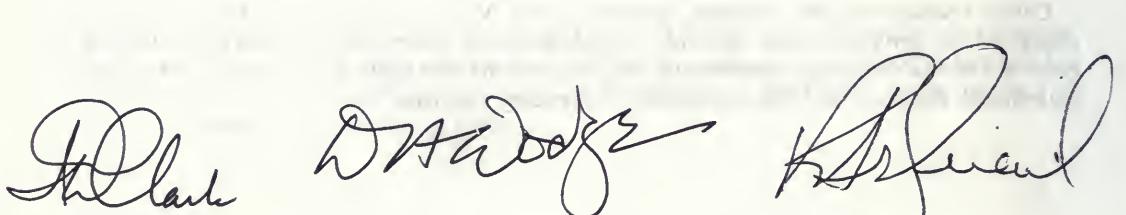
Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada, in compliance with governing legislation. The financial statements are generally prepared on an accrual basis of accounting; a notable exception is that tax revenues are reported on a cash basis. Furthermore, capital assets are charged to budgetary expenditure at the time of acquisition or construction. The information included in these financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks, and which are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized record of the Government's financial transactions, and obtains additional information as required, from departments, agencies and Crown corporations, to meet accounting and reporting requirements.

The Government presents the financial statements to the Auditor General of Canada who provides an independent opinion on them to the House of Commons. The duties of the Auditor General in that respect are contained in section 6 of the *Auditor General Act*, section 8 of the *Spending Control Act* and section 9 of the *Debt Servicing and Reduction Account Act*. Additional information is provided in the observations at the end of this section.

Annually, the financial statements are tabled in Parliament as part of the Public Accounts, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of Canada.



I. D. CLARK
*Secretary of the Treasury Board and
Comptroller General of Canada*

DAVID A. DODGE
Deputy Minister of Finance

RANALD QUAIL
Deputy Receiver General for Canada



**OPINION OF THE AUDITOR GENERAL
ON THE
FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA**

To the House of Commons

I have audited the statement of assets and liabilities of the Government of Canada as at March 31, 1993 and the statements of revenue and expenditure, accumulated deficit, changes in financial position and transactions for the year then ended. These statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit, as required by section 6 of the *Auditor General Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Government of Canada as at March 31, 1993 and the results of its operations, the changes in its financial position and its financial requirements for the year then ended, in accordance with the stated accounting policies of the Government of Canada as set out in Note 1 to the financial statements. As required by section 6 of the *Auditor General Act*, I also report that, in my opinion, after giving retroactive effect to the changes in accounting policies as explained in Note 2, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statements and this opinion are included in my observations at the end of this section.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
October 7, 1993

GOVERNMENT OF CANADA

Statement of Transactions
for the Year Ended March 31, 1993
(in millions of dollars)

	1993	1992
BUDGETARY TRANSACTIONS		
Revenue	121,452	122,032
Expenditure	-161,931	-156,495
Deficit for the year	-40,479	-34,463
NON-BUDGETARY TRANSACTIONS		
Net source or requirement (-) from loans, investments and advances	149	-184
Net source from specified purpose accounts	5,653	5,483
Net source or requirement (-) from other transactions	180	-2,636
Net source	5,982	2,663
Financial requirements (excluding foreign exchange transactions)	-34,497	-31,800
NET SOURCE FROM FOREIGN EXCHANGE TRANSACTIONS ⁽¹⁾		
Total financial requirements	7,713	941
NET INCREASE IN UNMATURED DEBT TRANSACTIONS ⁽¹⁾		
Increase or decrease (-) in cash	-26,784	-30,859
CASH BALANCE AT BEGINNING OF YEAR		
CASH BALANCE AT END OF YEAR		
	774	2,569
	2,881	774

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ Change in unmatured debt payable in foreign currencies, \$1,965 million in 1993 (-\$1,082 million in 1992), has been included as part of foreign exchange transactions.

GOVERNMENT OF CANADA

Statement of Accumulated Deficit
for the Year Ended March 31, 1993
(in millions of dollars)

	1993	1992
ACCUMULATED DEFICIT, BEGINNING OF YEAR		
As previously reported	423,072	388,429
Accrual of losses for loan guarantees (Note 2)	590	620
Effect of wage restraint on the pension liability (Note 2)	1,150	1,300
Accumulated deficit, beginning of year (as restated for 1992)	424,812	390,349
DEFICIT BEFORE CHANGES IN ACCOUNTING POLICIES (as previously reported for 1992)		
Net increase or decrease (-) in deficit due to:	38,824	34,643
Accrual of losses for loan guarantees (Note 2)	405	-30
Effect of wage restraint on the pension liability (Note 2)	1,250	-150
Deficit (as restated for 1992)	40,479	34,463
ACCUMULATED DEFICIT, END OF YEAR (as restated for 1992)		
	465,291	424,812

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Statement of Revenue and Expenditure
for the Year Ended March 31, 1993
(in millions of dollars)

	1993	1992	
	Gross ⁽¹⁾	Net ⁽¹⁾	Gross ⁽¹⁾
REVENUE (Note 4)—			
TAX REVENUE			
Income tax—			
Personal	61,677	58,283	64,094
Corporation	8,278	8,278	9,359
Unemployment insurance contributions	17,535	17,535	15,394
Non-resident	1,191	1,191	1,261
	88,681	85,287	90,108
Excise taxes and duties—			
Goods and services tax	17,371	14,868	17,430
Sales tax and excise taxes	7,899	7,401	6,516
Customs import duties	3,811	3,811	3,999
	29,081	26,080	27,945
Other tax revenue	271	271	273
	118,033	111,638	118,326
NON-TAX REVENUE			
Return on investments	6,873	6,838	6,622
Other non-tax revenue	5,784	2,976	5,949
	12,657	9,814	12,571
TOTAL REVENUE	130,690	121,452	130,897
EXPENDITURE (Notes 5 and 6)—			
TRANSFER PAYMENTS			
To persons—			
Old age security benefits, guaranteed income supplements and spouses' allowances	18,758	19,106	18,168
Unemployment insurance benefits	19,065	19,065	18,126
Family allowances	1,823	2,194	2,606
Other	7,728	1,488	6,606
	47,374	41,853	45,506
To other levels of government—			
Fiscal arrangements	7,967	7,591	9,256
Insurance and medical care services	8,307	8,307	6,689
Canada Assistance Plan	6,686	6,686	6,099
Education support	2,887	2,887	2,142
Other	3,333	3,333	3,182
	29,180	28,804	27,368
Other transfer payments	14,803	14,803	14,213
TOTAL TRANSFER PAYMENTS	91,357	85,460	87,087
Crown corporations expenditures (Note 8)	6,841	6,180	6,398
Other program expenditures—			
National Defence	11,311	10,939	11,239
All other departments and agencies	22,266	19,958	19,405
	33,577	30,897	30,644
TOTAL OTHER PROGRAM EXPENDITURES	39,394	39,394	41,231
Public debt charges			
TOTAL EXPENDITURE	171,169	161,931	165,360
DEFICIT FOR THE YEAR	40,479	40,479	34,463

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ The difference between Gross and Net is revenue credited to appropriations, revenue of consolidated Crown corporations, tax revenue items related to expenditure and included in revenue, and recovery of tax revenue credited to expenditure.

GOVERNMENT OF CANADA

Statement of Assets and Liabilities
as at March 31, 1993
(in millions of dollars)

	1993	1992
FINANCIAL ASSETS		
LOANS, INVESTMENTS AND ADVANCES—		
Enterprise Crown corporations (Notes 8 and 15)—		
Canada Deposit Insurance Corporation	3,085	1,785
Canada Mortgage and Housing Corporation	8,206	8,444
Canadian National Railway Company	2,396	2,412
Export Development Corporation	788	788
Farm Credit Corporation	3,538	3,609
Federal Business Development Bank	304	304
Other	1,220	808
<i>Less: allowance for valuation</i>	<i>19,537</i>	<i>18,150</i>
Total enterprise Crown corporations	5,050	3,800
Other loans, investments and advances—		
Provincial and territorial governments ⁽¹⁾	1,490	819
National governments including developing countries (Note 9)	3,382	3,535
International organizations (Note 9)	5,436	5,179
<i>Less: notes payable</i>	<i>2,312</i>	<i>2,253</i>
<i>Joint and mixed enterprises</i>		
Petro-Canada	4,300	4,299
Other	74	162
<i>4,374</i>	<i>4,461</i>	
<i>Miscellaneous</i>	1,423	1,918
<i>Less: allowance for valuation</i>	<i>13,793</i>	<i>13,659</i>
Total other loans, investments and advances	9,240	8,820
TOTAL LOANS, INVESTMENTS AND ADVANCES	19,040	19,189
FOREIGN EXCHANGE ACCOUNTS—		
International reserves held in the Exchange Fund Account (Note 10)	10,879	17,148
International Monetary Fund—Subscriptions	7,599	4,797
<i>Less: International Monetary Fund—Notes payable</i>	<i>18,478</i>	<i>21,945</i>
<i>Special Drawing Rights allocations</i>	6,310	4,129
<i>TOTAL FOREIGN EXCHANGE ACCOUNTS</i>	<i>10,797</i>	<i>16,545</i>
ACCOUNTS RECEIVABLE (net of allowance for doubtful accounts of \$1,496 million (\$1,776 million in 1992))	3,968	4,208
CASH IN TRANSIT	2,931	2,902
CASH	2,881	774
TOTAL FINANCIAL ASSETS	39,617	43,618
ACCUMULATED DEFICIT (Note 7)	465,291	424,812
TOTAL	504,908	468,430

	1993	1992
LIABILITIES		
SPECIFIED PURPOSE ACCOUNTS—		
Canada Pension Plan (net of securities held) (Note 11)	2,839	3,181
Pension liability (Note 12)	87,911	81,881
Government Annuities Account	778	821
Deposit and trust	1,143	1,103
Provincial tax collection agreements ⁽¹⁾	344	
Other	1,622	1,310
TOTAL SPECIFIED PURPOSE ACCOUNTS	94,293	88,640
OTHER LIABILITIES—		
Interest and matured debt (net of unamortized discount on Canada and Treasury bills)	7,046	7,187
Accounts payable and accrued liabilities	10,755	11,543
Outstanding cheques and warrants	3,228	2,695
Allowance for employee benefits	3,285	3,050
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government	3,560	3,430
TOTAL OTHER LIABILITIES	27,874	27,905
UNMATURED DEBT—		
Payable in Canadian currency—		
Marketable bonds	178,465	158,062
Canada savings bonds	34,369	35,598
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund	3,505	3,501
Treasury bills	162,050	152,300
<i>Less: Government's holdings of unmatured debt</i>	<i>378,389</i>	<i>349,461</i>
	1,057	1,020
	377,332	348,441
Payable in foreign currencies—		
Marketable bonds	2,857	3,437
Notes and loans	2,552	7
Canada bills	5,409	3,444
TOTAL UNMATURED DEBT (Note 13)	382,741	351,885
TOTAL	504,908	468,430

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ In 1993, the Provincial tax collection agreements account is in a debit position and is reported under loans, investments and advances—Provincial and territorial governments.

GOVERNMENT OF CANADA

Statement of Changes in Financial Position
for the Year Ended March 31, 1993
(in millions of dollars)

	1993	1992
CASH REQUIREMENTS FOR:		
OPERATING ACTIVITIES —		
Deficit for the year	40,479	34,463
<i>Less: outflows (inflows) not requiring cash</i>		
Provision for valuation of assets and liabilities	760	-2,130
Government contributions for employee benefits	1,489	1,271
Interest on — Employee superannuation accounts	8,466	7,802
— Other specified purpose accounts	492	555
Decrease or increase (—) in accounts receivable	240	-1,043
Net decrease (—) in accounts payable and accrued liabilities	-180	-732
Net decrease (—) or increase in accrued interest and unamortized discount on the public debt	-141	1,144
CASH REQUIRED FOR OPERATING ACTIVITIES	29,353	27,596
INVESTING ACTIVITIES —		
Loans and investments made ⁽¹⁾	9,383	7,307
<i>Less: repayments and recoveries ⁽¹⁾</i>	7,833	5,747
Excess cash outflows in specified purpose accounts	1,550	1,560
CASH REQUIRED FOR INVESTING ACTIVITIES	5,144	4,204
TOTAL CASH REQUIREMENTS FOR ALL ACTIVITIES	34,497	31,800
FINANCED BY:		
Net decrease in foreign exchange accounts	5,748	2,023
Issue of foreign currency notes and securities	4,701	3,199
<i>Less: repayments</i>	2,736	4,281
<i>Net foreign currency issues or repayment (—)</i>	1,965	-1,082
NET SOURCE FROM FOREIGN EXCHANGE TRANSACTIONS	7,713	941
Issue of Canadian currency securities	425,286	383,215
<i>Less: repayments</i>	396,395	354,151
NET CANADIAN CURRENCY BORROWING	28,891	29,064
NET INCREASE (—) OR DECREASE IN CASH	-2,107	1,795
TOTAL CASH PROVIDED FOR ALL ACTIVITIES	34,497	31,800

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ Figures differ from those shown in the Statement of Transactions because non-cash transactions have been re-classified and shown separately.

Notes to the Financial Statements of the Government of Canada

1. Summary of Significant Accounting Policies

i. Government of Canada as a reporting entity

As a reporting entity, the Government of Canada comprises all organizations which are owned or controlled by the Government and which are accountable for the administration of their affairs and resources either to a minister of the Government or directly to Parliament.

ii. Method of accounting for Government organizations

Except for enterprise Crown corporations, which are accounted for by the cost method, all Government organizations are accounted for in the financial statements by consolidation. Enterprise Crown corporations are defined as those corporate organizations which are not dependent on parliamentary appropriations, and whose principal activity and source of revenue is the sale of goods and services to outside parties.

iii. Classification of financial transactions

The financial transactions of the Government are classified as budgetary, non-budgetary, foreign exchange and unmatured debt transactions.

Budgetary transactions enter into the calculation of the annual deficit or surplus and are reported on the Statement of Revenue and Expenditure. All other transactions lead to the acquisition or disposal of financial claims or to the creation or discharge of financial obligations, and are disclosed in the Statement of Assets and Liabilities.

Comparative figures are reclassified retroactively to conform to the current year's presentation.

iv. Budgetary transactions

On the Statement of Revenue and Expenditure, revenue and expenditure are reported both gross and net. The difference between the two is revenue from outside parties credited to appropriations, revenue of consolidated Crown corporations credited to expenditure, tax revenue items related to expenditure and included in revenue, and recovery of tax revenue credited to expenditure. Gross and net transactions are discussed in more detail in Note 4.

Revenue

Tax revenue is reported net of refunds, and excludes taxes collected on behalf of provinces and territories, and amounts credited to other liability accounts.

The Government generally reports tax revenue in the year in which it is received. Refunds of tax revenue are allocated to the year in which the processing cycle for the assessment of the related tax return has been started. The Goods and Services Tax (GST) quarterly tax credits and payments under the child tax benefit program are charged in the period to which they relate. GST rebates are reported net of GST collected by the claimants.

Non-tax revenue is reported in the year in which the transactions or events that give rise to the revenue occur.

Expenditure

Expenditure includes charges for work performed, goods received, services rendered, and transfer payments made during the year. Expenditure may also include net charges related to allowances for the valuation of assets, for borrowings of agent enterprise Crown corporations, and for other liabilities.

v. Assets

Assets are defined as the financial claims acquired by the Government on outside parties. However, certain financial claims are not reported on the Statement of Assets and Liabilities. The most important of these is tax revenue receivable.

The capital assets of the Government, which include land, engineering structures, buildings, machinery and equipment, are charged to budgetary expenditure at the time of acquisition or construction.

vi. Liabilities

Liabilities are defined as financial obligations of the Government to outside organizations and individuals as a result of events and transactions that occurred on or before the accounting date.

vii. Valuation of assets and liabilities

Assets are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation includes reductions from the recorded value of loans (and subscriptions to international organizations that make similar loans) with significant concessionary terms.

The Government's gold reserves are included in the International reserves held in the Exchange Fund Account and are recorded and valued at the Canadian dollar equivalent of 35 Special Drawing Rights per fine ounce. Gold reserves are discussed in more detail in Note 10.

The Government views loans to sovereign states as collectible unless formally repudiated by the debtor. The Government establishes allowances in respect of potential debt or debt service relief measures for financially troubled countries under multilateral agreements. These allowances are included, as appropriate, in the allowance for valuation of assets and the allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government.

Liabilities are recorded at the estimated amounts ultimately payable.

Borrowings of agent enterprise Crown corporations are recorded as liabilities when they are not expected to be repaid directly by these corporations.

Losses on loan guarantees are recorded when it is likely that a liability exists and when the amount of the loss can be reasonably estimated.

Termination benefits, the pension liability and the Government Annuities Account are reported on an actuarial basis and incorporate the Government's best estimates of future economic events. These annual actuarial valuations may require estimation adjustments due to experience gains and losses and to changes in actuarial assumptions. The adjustments for the pension liability are amortized to the liability and the related expenditure over the expected average remaining service life of the related employee group. The cost of plan amendments, and gains and losses upon a plan settlement or curtailment are recorded in the period the plan amendments, settlement or curtailment occurred. The pension liability is discussed in more detail in Note 12.

viii. Translation of foreign currency transactions

Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates.

Assets and liabilities resulting from foreign currency transactions are, in turn, reported at year end closing rates of exchange; net gains are credited to revenue, while net losses are charged to expenditure.

2. Changes in Accounting Policies

In 1993, changes have been made in accounting policies for loan guarantees and in the recognition of the effect of wage restraint on the pension liability.

An allowance for loan guarantees is now recorded and included in accounts payable and accrued liabilities when it is likely that a payment will be made in the future to honour a guarantee and where the amount of the loss can be reasonably estimated. The Government also changed its method of accounting for the effect of wage restraint on the pension liability to recognize the reduction in the liability over the expected average remaining service life of the related employee group as is done with other pension estimation adjustments.

These changes were made pursuant to section 64(2)(d) of the *Financial Administration Act* and applied retroactively, with restatements of the previous year's deficit and accumulated deficit, for consistency.

The effect of the changes made in 1993 on the accumulated deficit at the beginning of the year is \$1,740 million (\$1,920 million in 1992) and on the annual deficit is \$1,655 million (-\$180 million in 1992).

3. Spending and Borrowing Authorities

i. Spending authorities

The following table summarizes the spending authorities authorized by Parliament in both appropriation acts and other statutes which authorize spending for specified purposes, and used by the Government for expenditure and for loans, investments and advances.

The use of expenditure (budgetary) authority as reported in the following table differs from net total expenditure reported on the Statement of Revenue and Expenditure. Certain specified purpose accounts and certain Crown corporations are consolidated with the Government's financial statements but are not included

in the expenditure (budgetary) authorities available for use. In addition, the authorities do not include the provision for valuation of assets and liabilities, which is authorized by section 63 of the *Financial Administration Act*.

	(in millions of dollars)			
	1993	1992	Loans, investments and advances (non- budgetary)	Loans, investments and advances (non- budgetary)
Authorities available for use, including those from previous years	144,331	55,988	144,000	53,200
Available for use in subsequent years and lapsed, net of overexpended ⁽¹⁾	3,075	53,793	4,395	51,214
Used in the current year ⁽¹⁾	141,256	2,195	139,605	1,986
Effect of consolidating certain specified purpose accounts ⁽²⁾ —				
Unemployment				
Insurance Account	19,893		19,178	
Western Grain Stabilization Account	-24		-94	
Other accounts	42		328	
Accrual of non-tax revenue—				
Amounts to be credited to appropriations	159		-390	
Effect of consolidating certain Crown corporations ⁽²⁾	-62		54	
Net provision for valuation of assets and liabilities	760		-2,130	
Internal revenue eliminated	-93		-56	
Net total expenditure per Statement of Revenue and Expenditure	161,931		156,495	

⁽¹⁾ Details (unaudited) can be found in Tables 5 and 6, Section 1 of Volume II (Part I) of the Public Accounts.

⁽²⁾ Details (unaudited) of consolidated specified purpose accounts and consolidated Crown corporations can be found in Section 5 of this volume.

ii. Overexpenditure of spending authority

During the year, capital expenditures Vote 5 of the department of National Defence has been overexpended for an amount of \$75 million. The departments of National Health and Welfare and Industry, Science and Technology have reported overexpenditures below \$50 million.

All cases of overexpenditure represent the recognition of liabilities for expenditures which pertain to the 1992-93 fiscal year, but for which payment was planned for 1993-94. For votes that were overexpended, subsequent year voted spending authority is reduced by any payments made to discharge those liabilities.

Details (unaudited) of all votes overexpended can be found in the ministerial sections of Volume II (Part I) of the Public Accounts.

iii. *Borrowing authorities*

The following table shows the borrowing authorities available and their use, reconciled to the change in unmatured debt as reported on the Statement of Assets and Liabilities:

	(in millions of dollars)						
	1993			1992			Available for use in subsequent years
	Available	Used	Lapsed	Available	Used	Lapsed	
Authorities which impose a ceiling through borrowing authority Acts	32,900	30,721		2,179	26,400	26,400	
Section 47 of the <i>Financial Administration Act</i> ⁽¹⁾				3,900	1,347	2,553	
Total	32,900	30,721		2,179	30,300	27,747	2,553
Net increase in unmatured debt			30,856				27,982
Net change in matured Canada savings bonds not yet redeemed			66				-12
Change in internal holding of Government debt			50				-261
Change in bonds issued to the Canada Pension Plan			-4				-9
Change in adjustments of consolidated Crown corporations holdings			-13				-28
Foreign currency adjustments			-234				75
Total use of borrowing authorities	30,721					27,747	

⁽¹⁾ Authorizes the Government to borrow, for a fixed period not exceeding six months, amounts necessary to ensure that the Consolidated Revenue Fund will be sufficient to meet lawfully authorized disbursements.

4. Revenue

i. *Personal income tax*

The following table presents details of personal income tax revenue as classified in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1993	1992
Gross personal income tax	61,677	64,094
Social benefit repayments		
Family allowances	371	215
Old age security benefits	348	225
	62,396	64,534
<i>Less: refundable tax credits and payments</i>		
Transfer payments to persons (other)—		
Child tax credits	2,335	2,200
Sales tax credits	38	700
Investment tax credits	8	10
Child tax benefit payments	1,356 ⁽¹⁾	
Fiscal arrangements—Youth allowance recovery	376	402
	4,113	3,312
Net personal income tax	58,283	61,222

⁽¹⁾ The child tax benefit program was introduced in January 1993 to replace the child tax credits and the family allowances program.

The difference between the gross and net totals of personal income tax revenue consists of items (listed in the above table) that are related to expenditure but are determined through the income tax or fiscal arrangements processes. These items are reflected in the gross amounts of the relevant transfer payments in the Statement of Revenue and Expenditure.

ii. *Excise taxes*

The following table presents details of goods and services tax (GST), and sales tax and excise taxes as classified in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1993	1992
Goods and services tax collected	30,516	29,565
<i>Less: refunds</i>	10,703	10,068
rebates	1,436	1,262
GST paid or payable by ministries	1,006	805
Gross goods and services tax	17,371	17,430
<i>Less: transfer payments to persons (other)—</i>		
Quarterly tax credits	2,503	2,262
Net goods and services tax	14,868	15,168
Total sales tax and excise taxes	7,923	8,160
<i>Less: Federal sales tax</i>		
special inventory rebates	24	1,644
Gross sales tax and excise taxes	7,899	6,516
<i>Less: other program expenditures—Revenue credited to appropriations</i>		
498	487	
Net sales tax and excise taxes	7,401	6,029

The difference between gross and net GST represents quarterly tax credits which are related to expenditures but are determined through the personal income tax process. These credits are reflected in the gross amount of transfer payments to persons — other, in the Statement of Revenue and Expenditure. The difference between gross and net sales tax and excise taxes represents revenues from outside parties credited to appropriations. These revenues are reflected in the gross amounts of other

program expenditures in the Statement of Revenue and Expenditure.

iii. Non-tax revenue

The following are details of non-tax revenue as shown in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1993	1992
Gross return on investments		
Loans, investments and advances	3,403	3,373
Foreign exchange accounts	3,559	2,244
Other	-89	1,005
	6,873	6,622
Less items included in above amounts:		
Other program expenditures—Revenue credited to appropriations	23	23
Crown corporations expenditures—Revenue of consolidated Crown corporations	12	78
Net return on investments	6,838	6,521
Gross other non-tax revenue	5,784	5,949
Less items included in above amounts:		
Other program expenditures—Revenue credited to appropriations	2,159	2,124
Crown corporations expenditures—Revenue of consolidated Crown corporations	649	1,019
Net other non-tax revenue	2,976	2,806

The difference between the gross and net totals of return on investments and other non-tax revenue consists of revenue from outside parties credited to appropriations and revenue of consolidated Crown corporations. These revenues are reflected in the gross amounts of the relevant transfer payments in the Statement of Revenue and Expenditure.

Other non-tax revenue is comprised principally of refunds of previous years' expenditure, services and service fees, privileges, licences and permits, proceeds from sale of capital assets and of current goods and services.

5. Expenditure

i. Transfer payments

The Government makes transfer payments to persons, other levels of government, enterprises, non-profit institutions, international organizations and foreign countries.

Payments to persons essentially constitute an income security framework. Individuals are provided with assistance because of their age (Old Age Security and Family Allowances), because they are temporarily unemployed (Unemployment Insurance), or for other specific purposes.

Effective January 1993, family allowance payments were replaced by the child tax benefit program, which is accounted for as a reduction of personal income tax revenue (see Note 4*i*).

Payments are made to other levels of government for numerous transfer programs operated by the federal Gov-

ernment under various statutory authorities, including equalization payments and payments for health care, education, and grants in lieu of taxes.

Other transfer payments include contributions in respect of foreign aid, transfers to native peoples and associations, subsidies and capital assistance to industry, grants and contributions in support of research, and sustaining grants to many national non-profit organizations.

The following is a more detailed summary of other transfer payments as shown in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1993	1992
Other transfer payments—		
Indians and Inuit	2,845	2,547
Foreign aid	2,805	2,787
Regional and industrial development	2,238	2,002
Job creation and Labour Force Adjustment ..	1,887	1,951
Agricultural programs	1,666	1,853
Other	3,362	3,073
Total other transfer payments	14,803	14,213

ii. Crown corporations expenditures

The following are the major components included in Crown corporations expenditures:

	(in millions of dollars)	
	1993	1992
Expenditures of consolidated Crown corporations	4,858	5,532
Expenditures related to enterprise Crown corporations ⁽¹⁾	1,983	866
	6,841	6,398
Less: revenue of consolidated Crown corporations	661	1,097
Total	6,180	5,301

⁽¹⁾ Includes a provision for valuation of \$1,252 million (-\$437 million in 1992).

iii. Other program expenditures

Other program expenditures by ministry are as follows:

	(in millions of dollars)	
	1993	1992
Agriculture	789	878
Communications	558	464
Environment	1,009	1,000
External Affairs	1,301	1,052
Industry, Science and Technology	1,135	1,243
National Health and Welfare	1,127	1,073
National Revenue	2,174	2,163
Public Works	1,142	874
Solicitor General	2,394	2,344
Transport	1,243	1,266
Other	7,086	5,755
Adjustment to allowance for equal pay		-1,003
	19,958	17,109
National Defence	10,939	10,901
Total	30,897	28,010

iv. Public debt charges

Public debt charges include interest on unmatured debt (including discounts on Treasury bills and Canada bills), interest on the specified purpose accounts (including the superannuation accounts), the cost of issuing new loans, amortization of bond discounts, premiums and commissions, and the cost of servicing the public debt. Details (unaudited) can be found in Section 9 of Volume II (Part II) of the Public Accounts.

	(in millions of dollars)	
	1993	1992
Summary of public debt charges		
Interest on unmatured debt ⁽¹⁾	29,576	32,501
Interest on pension and other liabilities	9,038	8,447
Discounts or premiums	681	154
Commissions	67	95
Servicing costs and costs of issuing new loans	32	34
Total public debt charges	39,394	41,231

⁽¹⁾ Included in interest on unmatured debt is an amount of \$356 million (\$358 million in 1992) for special non-marketable bonds held by the Canada Pension Plan Investment Fund. This amount is unrelated to a borrowing authority act for purposes of the Debt Servicing and Reduction Account.

6. Expenditure by Standard Object

Expenditure on the Statement of Revenue and Expenditure is reported by standard object in the following table:

Standard Object	(in millions of dollars)	
	1993	1992
(1) Personnel	18,515	18,469
(2) Transportation and communications	2,015	1,861
(3) Information	311	241
(4) Professional and special services	3,308	3,047
(5) Rentals	1,096	1,064
(6) Purchased repair and maintenance	1,406	1,383
(7) Utilities, materials and supplies	2,417	2,360
(8) Construction and/or acquisition of land, buildings and works	849	760
(9) Construction and/or acquisition of machinery and equipment	3,616	3,360
(10) Transfer payments	91,357	87,087
(11) Public debt charges	39,394	41,231
(12) Other subsidies and payments	6,885	4,497
Total gross expenditure	171,169	165,360
<i>Less: revenues credited to the vote</i>	2,680	2,634
Gross revenue of consolidated Crown corporations	661	1,097
Tax credits and repayments	5,897	5,134
Total net expenditure	161,931	156,495

Details (unaudited) can be found in Table 3a, Section 1 of Volume II (Part I) of the Public Accounts.

7. Accumulated Deficit

In accordance with its stated accounting policies, the Government includes in its revenues and expenditures the transactions of certain specified purpose accounts and Crown corporations. Legislation requires that the revenue of specified purpose accounts be earmarked and that related payments be charged against such revenue. Any deficiency of payments over revenue must be met through future revenue. The following table shows the balances of these specified purpose accounts and the retained earnings of the consolidated Crown corporations included in the accumulated deficit:

	(in millions of dollars)	
	1993	1992
Accumulated deficit excluding consolidated accounts	461,221	423,156
Consolidated specified purpose accounts—		
Unemployment Insurance Account	6,016	3,630
Canadian Ownership Account	-3,566	-3,565
Western Grain Stabilization Account	1,100	1,042
Crop Reinsurance Fund	392	443
Agriculture Commodity Stabilization Accounts	25	140
Accrued expenditure of the Crop Reinsurance Fund	28	
Accrued expenditure of the Unemployment Insurance Account	644	703
Accrued revenue of the Unemployment Insurance Account	-298	-193
Other specified purpose accounts	-240	-425
	4,101	1,775
Consolidated Crown corporations—		
Reversal of allowance for valuation	-50	-200
Retained earnings	19	81
	-31	-119
Accumulated deficit	465,291	424,812

Details (unaudited) of the consolidated accounts can be found in Section 5 of this volume.

8. Crown Corporations

i. Consolidated Crown corporations

Consolidated Crown corporations are wholly-owned Crown corporations and their wholly-owned subsidiaries which rely on Government funding as their principal source of revenue.

A total of 26 Crown corporations were consolidated in 1993 (31 in 1992). The principal consolidated Crown corporations are: Canadian Broadcasting Corporation, Marine Atlantic Inc., and VIA Rail Canada Inc.

ii. *Enterprise Crown corporations*

As disclosed in Note 1ii, enterprise Crown corporations are not consolidated in the Government's financial statements but are accounted for by the cost method. The principal enterprise Crown corporations are reported separately on the Statement of Assets and Liabilities.

The following tables set out the assets, liabilities, revenues and expenditures/expenses of the Government and of enterprise Crown corporations.

The tables present the financial transactions and results of operations of the enterprise Crown corporations in accordance with, in most cases, generally accepted accounting principles (GAAP) used by private sector companies. Under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are re-

flected as assets and written off over their useful lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition.

For those enterprise Crown corporations whose year end is March 31, the data are based on audited financial statements. For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with their most recent audited financial statements.

The corporate financial statements of all Crown corporations are reproduced in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada.

Assets and liabilities

	(in millions of dollars)			
	1993		1992	
	Government as reported	Enterprise Crown corporations	Government as reported	Enterprise Crown corporations
Assets				
Financial				
Outside parties	25,130	39,802	29,268	33,322
Government and Crown corporations	14,487	23,235	14,350	26,401
Total financial assets ..	39,617	63,037	43,618	59,723
Physical assets and deferred charges		12,404		11,831
Total assets	39,617	75,441	43,618	71,554
Liabilities				
Outside parties				
Borrowings	359,713		325,623	
Agents		18,583		18,578
Non-agents		1,906		1,804
Bank of Canada notes in circulation and amounts owing to depositors		25,514		24,099
Other liabilities	118,607	8,765	113,115	6,369
Government and Crown corporations ⁽²⁾	26,588	15,130	29,692	13,870
Total liabilities	504,908	69,898	468,430	64,720
Net assets/liabilities (-) ..	-465,291	5,543	-424,812	6,834
Contractual commitments	21,083	7,732	13,507	5,733
Contingent liabilities ...	44,557	485	53,448	709

Details (unaudited) can be found in Section 6 of this volume.

⁽¹⁾ In 1993, \$1,926 million (\$1,997 million in 1992) has been remitted to the Government as dividends and transfers of profit and is included in the Government's revenue for the year. Of this amount, \$1,806 million (\$2,119 million in 1992) is from the Bank of Canada.

⁽²⁾ Includes \$20,828 million (\$23,498 million in 1992) of unmatured debt of the Government of Canada held by the Bank of Canada.

Revenues and expenditures/expenses

	(in millions of dollars)			
	1993		1992	
	Government as reported	Enterprise Crown corporations	Government as reported	Enterprise Crown corporations
Revenues				
Outside parties	127,110	15,964	126,572	16,563
Government and Crown corporations ..	3,580	3,447	4,325	4,505
Total revenues	130,690	19,411	130,897	21,068
Expenditures/Expenses				
Outside parties	166,404	17,790	159,273	17,735
Government and Crown corporations ..	4,765	1,675	6,087	1,707
Total expenditures/expenses	171,169	19,465	165,360	19,442
Deficit (-)/net income for the year	-40,479	-54	-34,463	1,626
Other net changes in equity				
Outside parties		74		-62
Government and Crown corporations ⁽¹⁾		-1,311		-4,676
Change in net assets/liabilities (-) for the year	-40,479	-1,291	-34,463	-3,112
Net assets/liabilities (-) beginning of year ...	-424,812	6,834	-390,349	9,946
Net assets/liabilities (-) end of year	-465,291	5,543	-424,812	6,834

9. International Development Assistance—Loans and Subscriptions

i. Loans to developing countries

Included in loans to National governments—\$3,382 million (\$3,535 million in 1992)—are loans to developing countries of \$1,968 million (\$2,255 million in 1992). These loans arose from agreements signed before April 1, 1986 and are either at low interest rates or are interest-free. Because of the financial benefits conferred on the recipients, they have been fully provided for in the allowance for valuation of assets. The balances outstanding at March 31, grouped by term, are:

Original term	Grace period before repayment commences	Interest rate	(in millions of dollars)	
			1993	1992
10 years	1 year	5%	58	
20 years	5 years	5%	15	20
30 years	7 years	3%	53	157
35 years	5 years	*	2	2
40 years	10 years	*	(2)	(2)
50 years	10 years	*	1,803	2,029
53 years ⁽¹⁾	13 years	*	37	39
55 years ⁽¹⁾	15 years	*		8
			1,968	2,255

* Interest-free.

⁽¹⁾ Rescheduled loans.

(2) Less than \$500,000.

All similar loans disbursed after April 1, 1986 have been treated as budgetary expenditures. Details (unaudited) can be found in Section 6 of this volume.

ii. Loans, investments and advances to international organizations

Loans, investments and advances to international organizations of \$5,436 million (\$5,179 million in 1992) include subscriptions and advances to the International Development Association, advances to the Global Environment Facility and loans to other international financial institutions. As at March 31, 1993, these amounted to \$4,344 million (\$4,215 million in 1992). Netted against loans, investments and advances to international organizations are notes payable of \$2,312 million (\$2,253 million in 1992), including \$2,272 million (\$2,222 million in 1992) of notes payable to the aforementioned association and institutions. The notes are non-interest bearing, non-negotiable and payable on demand, although normally encashed within seven years.

The international organizations mentioned above make loans to developing countries on beneficial terms. Accordingly, net balances of loans and advances made prior to April 1, 1986 have been fully provided for in the allowance for valuation of assets. As at March 31, 1993, the amounts provided for were \$2,072 million (\$1,993 million as at March 31, 1992). All similar loans and advances disbursed after April 1, 1986 have been treated as budgetary expenditures.

Details (unaudited) can be found in Section 6 of this volume.

10. Gold

Included in the international reserves of \$10,879 million (\$17,148 million in 1992) held in the Exchange Fund Account are Canada's gold holdings of 9.1 million fine ounces with a recorded value of \$560 million (12.31 million fine ounces with a recorded value of \$703 million in 1992).

Gold is valued at the Canadian dollar equivalent of 35 Special Drawing Rights (SDRs) per fine ounce, which approximates its cost in foreign currency terms. The SDR is a unit of account used by the International Monetary Fund and is valued in terms of a "basket" of five major currencies. At March 31, 1993, the Canadian dollar equivalent of 35 SDRs was \$61.57 per fine ounce (\$57.09 per fine ounce in 1992).

Alternative bases of valuation could be used to value gold. On a market value basis (\$425.12 per fine ounce in 1993, \$406.35 in 1992), the recorded value would have been \$3,884 million (\$5,002 million in 1992). On the basis of an estimated average acquisition cost in Canadian dollars at historical rates of exchange of \$36.91 per fine ounce in both 1993 and 1992, the recorded value would have been \$337 million (\$454 million in 1992). Further details can be found in the financial statements of the Exchange Fund Account, included in Section 9 of this volume.

11. Canada Pension Plan

The Canada Pension Plan liability is reported net of securities held by the Canada Pension Plan Investment Fund, as follows:

	1993	1992
Canada Pension Plan Account	42,172	42,047
Less: securities held by the Canada Pension Plan Investment Fund	39,333	38,866
Total	2,839	3,181

Under existing legislation, payments of benefits and costs for the Canada Pension Plan are financed from contributions from employees, employers and self-employed persons, and from interest from the investment of funds not immediately needed for benefits and costs. Although the Plan was set up under federal legislation, it is under the joint control of the Government and the included provinces. Under existing legislation, any significant amendments (e.g. a proposed enactment to alter the general level of benefits or the rate of contributions) requires agreement by at least two-thirds of the included provinces having an aggregate of not less than two thirds of the population.

The Government's authority to pay benefits under the Plan is limited to the balance in the Canada Pension Plan Account which was \$42,172 million as at March 31, 1993 (\$42,047 million as at March 31, 1992). Unlike the pension liability discussed in Note 12, legislation does not require the Canada Pension Plan Account to be determined on an actuarial basis. The balance in this Account represents contributions and interests received less benefits paid and costs incurred since inception of the Plan. Under existing legislation, the Government must hold sufficient funds to pay benefits and costs of the

Plan for the ensuing three-month period. Any amount in excess of this requirement is made available for loans to the provinces and territories in proportion to contributions made by the residents of the respective provinces and territories. Any part of this excess not borrowed by the provinces or territories is invested in federal securities. In accordance with the accounting policies of the Government, the revenues and expenditures of the Plan (\$13,492 million and \$13,367 million respectively) have not been reported with those of the Government.

The financial statements of the Canada Pension Plan are included in Section 7 of this volume.

12. Pension Liability

The Government sponsors defined benefit pension plans for substantially all its full-time employees, principally members of the Public Service, the Canadian Forces and the Royal Canadian Mounted Police. It also has obligations for several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges.

The legislation provides that all pension obligations arising from these plans be met but separate funds are not maintained.

Pension expenditure is included in the Statement of Revenue and Expenditure as a component of other program expenditures. Pension interest is included in public debt charges.

i. Pension plans

The Government's three major pension plans are described below. Details (unaudited) on other pension plans are provided in Section 7 of this volume.

Employee pension plans

Basic pensions for the three major employee plans are generally based on the best six consecutive years' average earnings and are accrued at 2 percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pensions are indexed annually (on January 1) to the cost of living.

Employee contributions for these benefits are 7 1/2 percent of pay, less contributions to the Canada or Quebec Pension Plan. Employer contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. In 1992-93, the employer contribution rates averaged about 1.2, 2.3 and 1.9 times the current year's employee contribution for the plans of the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, respectively.

The *Public Service Superannuation Act* also covers the employees of certain Crown corporations, agencies and other institutions. Crown corporations covered by the *Public Service Superannuation Act* need only match their employees' contribution; any actuarial deficiency is borne by the Government.

Contributions are credited to the superannuation accounts. The accounts earn interest at rates that are based on the Government of Canada long-term bond rate. The interest rate earned by the accounts was about 11 percent for both 1992 and 1993.

ii. Actuarial valuations

As required under the *Public Pensions Reporting Act*, actuarial valuations are performed triennially on the five major pension plans using the projected benefit method pro-rated on services as specified in their respective Acts.

The most recent actuarial valuation for each pension plan was prepared as follows:

Public Service—December 31, 1989;

Canadian Forces—December 31, 1990;

Royal Canadian Mounted Police—December 31, 1989;

Federally appointed judges—December 31, 1991;

Members of Parliament—December 31, 1991.

As at March 31, 1993, the actuarial valuation reports for the pension plan for federally appointed judges and the Members of Parliament retiring allowances were not tabled before Parliament.

iii. Estimation of the pension liability

The pension liability is estimated using actuarial assumptions such as rates of mortality, rates of disability, the demographic characteristics of new employees, economic factors and various other assumptions. In view of the uncertainty with respect to future events, the pension liability must be considered to be an estimate of the actual liability. The liability shown in the financial statements is based on past experience and judgments regarding expected short and long term economic and demographic factors as described above, together with some margin for adverse deviations. In the Government's opinion, adequate provision has been made for these liabilities.

Actuarial assumptions

Economic assumptions

The pension liability, for accounting purposes, is determined on an actuarial basis and incorporates the Government's best estimates of future economic events such as inflation rates, interest rates and salary changes. They incorporate, initially, the effects of current economic conditions which are blended gradually into long-term economic assumptions. The expected long-term assumptions beginning in eight years are estimated to be (with comparative assumptions used in the previous year):

	(percent)	
	in 1993 for year 2001	in 1992 for year 2000
Interest rate on new money	4.5	5.0
Inflation rate	1.5	2.0
General wage increase	2.0	2.5

Variations in these assumptions can result in a significantly higher, or lower, estimate of additional liabilities. For example, an increase of 1 percent in the inflation rate would result in an increase in pension liabilities of approximately \$8,000 million whereas the same percentage increase in interest rates would reduce pension liabilities by approximately \$12,000 million.

Demographic assumptions

Mortality and other assumptions for current contributors, former contributors and surviving spouses are based on specific experience for each pension plan. Details are provided in the triennial actuarial valuation report of each pension plan.

Estimation adjustment

Annual actuarial valuations may give rise to estimation adjustments due to experience gains and losses and to changes in actuarial assumptions. These adjustments are amortized to the liability and the related expenditure over a reasonable future period because of their nature and because further adjustments will likely be required in the future. A reasonable future period is the expected average remaining service life of the related employee group. The amortization period determined for each plan is as follows:

Pension Plan	(Years)	
	1993	1992
Public Service	13	13
Canadian Forces	12	12
Royal Canadian Mounted Police	14	14
Judges	13	13
Members of Parliament	8	7

iv. Allowance for the actuarial liability for pensions

An allowance is used to record any shortfall or excess of the superannuation accounts over the pension liability.

The following table represents the pension liability as at March 31:

	(in millions of dollars)	
	1993	1992
Superannuation accounts	85,911	78,681
Allowance for the actuarial liability for pensions	2,000	3,200
Pension liability	87,911	81,881

As a result of the annual actuarial valuations for accounting purposes, an adjustment was required to the allowance to reflect a reduction of \$1,200 million (\$1,500 million in 1992) for the amortization of estimation adjust-

ments due to experience gains and losses and changes in actuarial assumptions leaving \$12,400 million (\$9,368 million in 1992) to be amortized in future years.

The following table provides details of the allowance for valuation for the actuarial liability for pensions as at March 31:

	(in millions of dollars)	
	1993	1992
Allowance, beginning of year	3,200	4,700
<i>Less: adjustment from pension</i>		
legislation		664
amortization of estimation		
adjustments	1,200	836
Allowance, end of year	2,000	3,200

v. Pension liability and pension related expenditures

The following table discloses the pension liability as at March 31:

	(in millions of dollars)	
	1993	1992
Projected benefit obligations	75,511	72,513
Unamortized estimation adjustments	12,400	9,368
Pension liability	87,911	81,881

The following table discloses pension and related interest costs charged to expenditure in 1992-93:

	(in millions of dollars)	
	1993	1992
Employer contributions	1,321	1,133
Actuarial liability adjustments		664
Indexation	58	23
Interest credited to Accounts	8,466	7,802
	9,845	9,622
Adjustment to the allowance for actuarial liability for pensions	1,200	1,500
	8,645	8,122

Details (unaudited) of the Accounts can be found in Section 7 of this volume.

13. Unmatured Debt

The following table presents interest rates and maturity of debt issues by currency and type at face value:

Maturing date(s)	(in millions of dollars)						
	Marketable bonds		Canada savings bonds ⁽¹⁾	Canada Pension Plan non-marketable bonds	Treasury bills	Notes and loans	
	Canadian	Foreign currencies expressed in Canadian \$				Foreign currencies expressed in Canadian \$	Total
1994	20,890	809	2,325	8	162,050	2,552	188,634
1995	21,211			9			21,220
1996	15,853	2,048		10			17,911
1997	12,355			11			12,366
1998	16,873		5,073	11			21,957
1999/2003	42,273		12,348	88			54,709
2004/2008	18,121		14,623	2,326			35,070
Subsequent	30,889			1,042			31,931
	178,465	2,857	34,369	3,505	162,050	2,552	383,798
<i>Less: Government's holdings of unmatured debt</i>	52		1,005				1,057
	178,413	2,857	33,364	3,505	162,050	2,552	382,741
Effective average annual interest rate	9.61	8.33	6.00	10.20	6.39	3.19	7.88
Range of interest rates	3-15.75	5.625-10.125	6.00	7.3-17.51	4.84-8.58	2.99-9.78	3-17.51

Details (unaudited) can be found in Section 10 of this volume.

⁽¹⁾ Canada savings bonds are redeemable on demand.

Substantially all Government debt is issued at fixed rates. The Government has, however, entered into interest rate and currency swap agreements to facilitate management of the risks associated with its interest rate and foreign currency exposure. As at March 31, 1993, the Government had interest swap agreements of US \$1,625 million, Yen 60,000 million and Cdn \$7,775 million in notional principal. Under these agreements, which expire between 1993 and 2004, fixed interest rate commitments have been converted to variable rates (tied to LIBOR or Bunker's Acceptance).

Currency swap agreements as at March 31, 1993 have converted future exchange risks of Yen 20,000 million debt to US \$120 million debt.

The interest paid or payable and the interest received or receivable on all swap transactions is recorded as part of public debt charges in the Statement of Revenue and Expenditure.

Foreign currency amounts are translated to the Canadian dollar equivalent at year end. As at March 31, foreign currency borrowings included the following:

Currency	(in millions of dollars)		
	1993	1993	1992
		Canadian \$ equivalent	Canadian \$ equivalent
United States dollars	3,656	4,601	1,943
Swiss francs			159
Yen ⁽¹⁾		808	1,342
	5,409	3,444	

⁽¹⁾ The 1993 Canadian \$ equivalent is comprised of the conversion of Yen 60,000 million debt (100,000 million in 1992) and US 120 million (676 million in 1992) dollar swap risks.

14. Contractual Commitments

The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Contractual commitments are classified into the following seven categories: fixed assets, purchases, operating leases, transfer payment agreements, capital leases, international organizations and benefit plans for veterans.

All contractual commitments of \$100 million or more per project or individual contract including associated costs if not part of a project at year end, are reported for fixed assets, purchases, operating leases and for transfer payment agreements. All capital lease arrangements with total minimum lease payments remaining as at March 31 in excess of \$1 million per contract are reported. Commitments to international organizations in excess of \$1 million and benefit plans for which the Government has commitments in excess of \$100 million are also reported.

The following are the contractual commitments as at March 31, 1993, which will result in substantial outlays in future years, including those of consolidated Crown corporations:

Fixed assets, purchases, operating leases and transfer payment agreements

	(in millions of dollars)			
	1993		1992 ⁽¹⁾	
	Total estimated cost	Out-standing commitments	Total estimated cost	Out-standing commitments
Fixed assets ⁽²⁾	25,303	8,697	14,902	3,207
Purchases	917	430	2,387	357
Operating leases	407	375	126	118
Transfer payment agreements	11,904	11,581	9,825	9,825
Total	38,531	21,083	27,240	13,507

Outstanding commitments by year:

1994	4,126	3,173
1995	4,150	3,045
1996	3,915	2,726
1997	3,532	2,290
1998	3,128	2,073
1999 and subsequently	2,232	200
	21,083	13,507

Details (unaudited) can be found in Section 11 of this volume.

⁽¹⁾ Figures for 1992 are for one year increments for 1993 to 1998 and subsequently.

⁽²⁾ Included in outstanding commitments for fixed assets is an amount of \$3,400 million related to the purchase of EH-101 Helicopters.

Included in the outstanding transfer payment agreements commitments of \$11,581 million is an amount of \$10,258 million related to various contractual obligations of Canada Mortgage and Housing Corporation as an agent of the Government of Canada for social housing programs. Total financial obligations under these contracts extend for periods ranging from 1 to 45 years. The uncertainty in forecasting the economic factors used to calculate these obligations precludes reasonable estimation of payments beyond a five-year period.

Estimated payments and expenses for the next five years are as follows:

FISCAL YEARS	(in millions of dollars)
1994	2,033
1995	2,040
1996	2,047
1997	2,052
1998	2,086

Capital leases

	(in millions of dollars)	
	1993	1992 ⁽¹⁾
Scheduled minimum lease payments to be made in:		
1994	128	76
1995	113	76
1996	116	76
1997	115	74
1998	117	74
1999/2003	524	371
2004/2008	668	384
2009/2013	670	355
2014/2018	481	275
2019/2023	392	141
2024/2028	141	19
Total commitments under capital lease arrangements (minimum lease payments)		
	3,465	1,921
Less: imputed interest and executory costs ⁽²⁾		
	2,368	1,311
Net commitments under capital lease arrangements		
	1,097	610

Details (unaudited) can be found in Section 11 of this volume.

⁽¹⁾ Figures for 1992 are for one year increments for 1993 to 1997 and for five years increments for 1998 to 2027.

⁽²⁾ Executory costs total \$519 million (nil in 1992).

International organizations

The Government has entered into agreements with international organizations and other sovereign nations, committing it to disburse funds in future years for specified purposes. These include loans and advances to national governments and international organizations that have been approved but not yet disbursed. These commitments amounted to \$2,432 million as at March 31, 1993 (\$2,188 million as at March 31, 1992). The Government is also committed, as at March 31, 1993, to subscribe to additional shares in international organizations of \$137 million in future years (\$133 million as at March 31, 1992). Details (unaudited) can be found in Section 11 of this volume.

Benefit plans for veterans

Under the *Pension Act*, the Government provides pensions and benefits for disability and death arising from military service. Estimated annual expenditures under this Act will approximate \$1,000 million over the next few years.

The Government also provides pensions to members of the Canadian Forces who became members prior to April 1, 1946 and members of the RCMP who became members prior to March 1, 1949 under the *Defence Services Pension Continuation Act* and the *RCMP Continuation Act* respectively. It is estimated that each of these obligations is of the order of \$150 million.

15. Insurance Programs

Three agent enterprise Crown corporations operate insurance programs as agents of Her Majesty. These programs are intended to be self-sustaining, but in the event that the corporations do not have sufficient funds to meet their obligations, the Government provides the required financing through appropriations, either budgetary or non-budgetary. The Government is of the opinion that no allowance needs to be established in its financial statements for these insurance programs.

The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits with member banks and trust and loan companies for up to \$60,000 per depositor per institution. Total insured deposits as at March 31, 1993 were \$303,071 million (\$302,335 million as at March 31, 1992). The Corporation is self-funded through assessment of premiums from members and there is no legislative requirement for the Government to supply any funding other than through interest-bearing loans. Although there is now a deficiency in the Deposit Insurance Fund of \$1,513 million (\$634 million as at March 31, 1992), the Government is of the opinion that CDIC will, over time, be able to eliminate this deficiency and meet its liabilities to the Government, without budgetary support from the Government.

The Canada Mortgage and Housing Corporation administers the Mortgage Insurance Fund (MIF). The MIF provides insurance for mortgage lending on Canadian housing by private institutions. Insurance in force as at March 31, 1993 was \$74,600 million (\$62,352 million as at March 31, 1992). Budgetary financial assistance is provided by the Government only to the extent required. The MIF's surplus as at March 31, 1993 was \$86 million (\$99 million in 1992) and the excess of receipts over disbursements has resulted in investments in securities of \$1,298 million as at March 31, 1993 (\$1,198 million in 1992).

The Export Development Corporation provides export and foreign investment insurance for the purpose of facilitating and developing export trade. Insurance in force as at March 31, 1993 was \$5,886 million (\$5,512 million in 1992). The Corporation's premium revenues have been adequate to provide for the full costs of claims experienced to date and to establish an allowance for possible future claims based on past claims experience.

This information has not been audited since the information provided is derived from interim financial statements of the three corporations. The most recent annual financial statements of these corporations and their insurance funds can be found in the President of the Treasury Board's Annual Report to Parliament on Crown corporations and Other Corporate Interests of Canada. Details (unaudited) of the transactions for these three insurance programs for the year ended March 31, 1993 can be found in Section 11 of this volume.

16. Contingent Liabilities of the Government of Canada

The contingent liabilities of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. They result from legislation, from the exercise of guarantees, from claims and pending and threatened litigation related to native land claims and treaty

rights, breach of contract, damages to persons and property, from callable share capital and lines of credit in international organizations and like items. Contingent liabilities, other than loan guarantees and borrowings of agent enterprise Crown corporations, are recorded in the accounts when they become actual liabilities. Losses on loan guarantees are accrued in the accounts as part of accounts payable and accrued liabilities through a valuation allowance when it is likely that a payment will be required in the future to honour a guarantee and where the amount of the loss can be reasonably estimated. Borrowings of agent enterprise Crown corporations are recorded as direct liabilities through a valuation allowance for the portion not expected to be repaid directly by these corporations. Specific amounts of contingent liabilities are reported when available. Where specific amounts are not available, estimates of potential liability are used, if determinable. Items for which no reasonable estimate can be made are not included.

The amounts are summarized as follows:

	(in millions of dollars)	
	1993	1992
i) Guarantees by the Government of:		
Borrowings of agent enterprise Crown corporations ⁽¹⁾	18,583	18,578
Borrowings by other than Crown corporations	6,773	6,104
Insurance programs of the Government	1,367	1,061
Other explicit guarantees	816	824
Total guarantees	27,539	26,567
Less: allowance for losses ⁽¹⁾	4,555	4,020
	22,984	22,547
ii) Claims and pending and threatened litigation	7,250	16,180
iii) International organizations	13,410	12,664
iv) Comprehensive native land claims ⁽²⁾	831	1,957
v) Consolidated Crown corporations	82	100
	44,557	53,448

Further details (unaudited), including particulars of explicit guarantees, authorized limits and information on previous claims, unquantified items and letters of comfort, can be found in Section 11 of this volume.

⁽¹⁾ Included in the allowance for losses of \$4,555 (\$4,020 in 1992) is an amount of \$3,560 (\$3,430 in 1992) for borrowings of agent enterprise Crown corporations.

⁽²⁾ The major difference between 1991-92 and 1992-93 for comprehensive native land claims relates to the *Nunavut Land Claims Agreement Act* which came into force on July 9, 1993. The Agreement will provide financial compensation of \$1,173 million over a number of years, and has been disclosed in Note 17 as a subsequent event.

Guarantees

These are amounts guaranteed by specific agreement or legislation. Insurance programs administered by agent enterprise Crown corporations are not considered to be contingent liabilities since they are currently supported by fees or premiums and are intended to be self-funding. Amounts represented by letters of comfort are not included since they are not explicit guarantees of payment.

Claims and pending and threatened litigation

This category includes claims which are actually under litigation, or may be litigated, for which specific amounts are claimed or potential settlements can be quantified. It includes amounts in respect of native claims, breach of contract, expropriation, losses or damage related to property, claims related to equal pay for work of equal value, and like items. A major part of these claims is made up of native claims and litigation related to statutory and treaty obligations. Approximately five hundred additional native claims have not been quantified and are thus not included.

International organizations

The Government has contingent liabilities for callable share capital in international organizations of \$11,436 million as at March 31, 1993 (\$9,883 million as at March 31, 1992). The Government has also incurred contingent liabilities in respect of future callable share capital. As at March 31, 1993, these amounted to \$404 million (\$1,325 million as at March 31, 1992). The Government has, as well, issued lines of credit to international development institutions to finance future lending. As at March 31, 1993, contingent liabilities under these lines of credit amounted to \$1,570 million (\$1,456 million as at March 31, 1992).

Details (unaudited) can be found in Section 11 of this volume.

Comprehensive native land claims

This category consists of two items, including a portion of the Dene-Metis comprehensive claim, which are in the final stages of negotiation and are awaiting ratification by the two recipient groups involved. Another thirty-three similar claims which have not been quantified, are in the process of negotiation or under review. Another portion of the Dene-Metis claim has been quantified at approximately \$350 million in total and this amount is included with claims and pending and threatened litigation.

Consolidated Crown corporations

These are the contingent liabilities of Crown corporations whose revenues, expenditures, assets and liabilities are reported with those of the Government.

Environment

The Government's commitment to sustainable development for Canada has been expressed in The Green Plan. As part of this Plan, the Government has adopted a Code of Environmental Stewardship covering all areas of its operations. The Code will be complemented by a list of targets or objectives reflecting environmental commitments that the Government has made or is making and that will be implemented in its operations. They will cover a broad range of issues, from real property management and waste generation to contaminated site clean-up. The cost to the Government of these commitments is not determinable at this time. The determination of the cost, which will be subject to and depend on evolving public policy and legislation, is expected to take a number of years to complete.

17. Subsequent Event

On June 21, 1993, an Order-in-Council (PC 1993-1401) fixed July 9, 1993 as the date the *Nunavut Land Claims Agreement Act* would come into force. The Nunavut Land Claims Agreement will vest title to 350,000 square kilometres of land in eastern Northwest Territories with the Inuit and will provide financial compensation of \$1,173 million, which will be paid over fourteen years. In addition, the Government will absorb \$179 million in implementation costs over the term of the agreement.

The Agreement also gives rights and benefits through the sharing in resource royalties, wildlife harvesting rights, and participation on wildlife and other resource management boards within the territory. In addition to the rights and benefits provided for the Inuit, the Agreement outlines provisions applying to other Aboriginal peoples and other Canadians to protect their rights and interests in the Nunavut Settlement Area.

SUPPLEMENTARY STATEMENTS

In the February 1991 budget, the Government introduced measures aimed at improving its financial and economic position. These measures included proposals for a *Spending Control Act* and a *Debt Servicing and Reduction Account Act*. On June 18, 1992, both Acts were passed by Parliament with implementation for the 1991-92 fiscal year.

The intention of these Acts is to limit program spending. The *Spending Control Act* deals with limiting program spending for the period from 1991-92 to 1995-96 inclusive to the levels projected in the February 1991 budget. The *Debt Servicing and Reduction Account Act* calls for certain revenues including the Goods and Services Tax (GST) to be used to service the public debt and not to fund new program spending. Transactions in respect of both Acts are reported in the following two statements.

OPINION OF THE AUDITOR GENERAL ON THE STATEMENT REQUIRED UNDER THE SPENDING CONTROL ACT

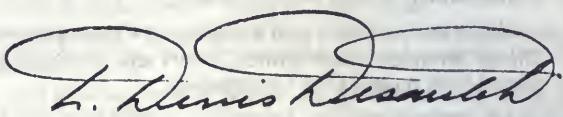
To the House of Commons

I have audited the statement required under section 6 of the *Spending Control Act* for the year ended March 31, 1993. This financial statement is the responsibility of the Government. My responsibility is to express an opinion on this financial statement based on my audit, as required by section 8 of the *Spending Control Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, the accompanying financial statement presents information fairly, in all material respects, in accordance with the *Spending Control Act* and the stated accounting policies of the Government of Canada as set out in Note 2 of the financial statement. As required by section 9 of the *Spending Control Act*, I also report that, in my opinion, after giving retroactive effect to the changes in accounting policies as explained in Note 2, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statement and this opinion are included in my observations at the end of this section.



L. Denis Desautels

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
October 7, 1993

**Statement by the Minister of Finance respecting compliance with the Spending Control Act
for the Year Ended March 31, 1993**
(in thousands of dollars)

	1993	1992
Total expenditure for the year	161,931,287	156,494,677
<i>Less:</i>		
Public debt charges	39,394,087	41,230,511
Expenditures under the <i>Unemployment Insurance Act</i>		
Benefits	19,064,891	18,125,355
Administration	1,242,481	1,207,256
Expenditures under the <i>Farm Income Protection Act</i>		
Advances to the Crop Reinsurance Fund		51,500
Advances to a Revenue Insurance Fund and provincial revenue insurance program or gross revenue insurance program	135,388	15,900
Expenditures related to events occurring prior to April 1991	556,293	240,974
	<i>60,393,140</i>	<i>60,871,496</i>
Program spending subject to spending control (Note 5)	101,538,147	95,623,181
Spending limit for the year	100,900,000	97,200,000
Expenditures justified by current or future years' increases in revenue (Note 3)	97,900	
Adjusted spending limit for the year	100,997,900	97,200,000
Excess or underspending (-) for the year (Note 4)	540,247	-1,576,819

The accompanying notes are an integral part of this statement.

Notes to the Statement by the Minister of Finance respecting compliance with the Spending Control Act

1. Authority and Objective

The statement is required by the *Spending Control Act* which received Royal Assent on June 18, 1992. Section 6 of the Act requires that for each controlled fiscal year, a statement by the Minister of Finance respecting compliance with this Act in that year, be reported in the Public Accounts. This Act covers fiscal years 1991-92 to 1995-96 inclusive.

The objective of the *Spending Control Act* is to ensure that the program spending over the 1991-92 to 1995-96 fiscal years will not, except under prescribed circumstances, exceed the limits established in the Act.

2. Significant Accounting Policy

The following accounting policy conforms to the stated accounting policies of the Government.

Expenditure

Expenditures are reported on the accrual basis of accounting and conform to the amounts reported in the Statement of Revenue and Expenditure of the Government of Canada.

Changes in Accounting Policies

In 1993, changes in accounting policies were made for loan guarantees and in the recognition of the effect of wage restraint on the pension liability.

The effect of the changes on the annual deficit is \$1,655 million (-\$180 million in 1992).

3. Spending Limit of the Fiscal Year

Pursuant to section 4 of the *Spending Control Act*, the spending limit for a fiscal year can be modified. In compliance with this section, the President of the Treasury Board may certify that a proposed increase in expenditures for a specific program is justified by reasons of good management. This situation applies only when an increase in expenditures results in an equivalent increase in revenues that would not otherwise occur. In 1992-93, an increase in expenditures of \$97.9 million (nil in 1991-92) was proposed pursuant to section 4.

4. Excess or Underspending

Where program spending exceeds the spending limit for a fiscal year, the excess must be offset through reduced spending in the following two years.

Where the spending limit for a fiscal year exceeds program spending, the Minister of Finance may partially or fully allocate the excess to a subsequent fiscal year.

5. Legislative Changes Affecting Reported Program Spending

In 1993, changes in legislation affected certain expenditures for employee pensions and the family allowances benefit program which were controlled under the *Spending Control Act*. The spending limits were not adjusted to reflect these legislative changes. Had the spending limit for 1993 been adjusted downwards, there would have been excess spending for the year of approximately \$2,200 million.

OPINION OF THE AUDITOR GENERAL
ON THE
STATEMENT OF TRANSACTIONS OF THE
DEBT SERVICING AND REDUCTION ACCOUNT

To the House of Commons

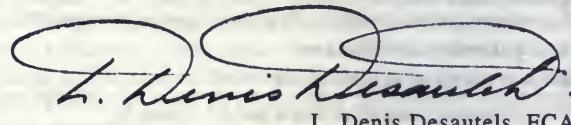
I have audited the statement of transactions of the Debt Servicing and Reduction Account for the year ended March 31, 1993. This financial statement is the responsibility of the Government. My responsibility is to express an opinion on this financial statement based on my audit, as required by section 9 of the *Debt Servicing and Reduction Account Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, the accompanying financial statement presents fairly, in all material respects, the transactions of the Debt Servicing and Reduction Account for the year

ended March 31, 1993 in accordance with the *Debt Servicing and Reduction Account Act* and the stated accounting policies of the Government of Canada as set out in Note 2 to the financial statement. As required by section 9 of the *Debt Servicing and Reduction Account Act*, I also report that, in my opinion, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statement and this opinion are included in my observations at the end of this section.



L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
October 7, 1993

Debt Servicing and Reduction Account
Statement of Transactions
for the Year Ended March 31, 1993
(in thousands of dollars)

	1993	1992
Goods and services tax collected	30,516,021	29,564,620
Less: refunds	10,702,148	10,067,647
rebates	1,436,357	1,262,285
GST paid or payable by ministries	1,006,047	804,144
quarterly tax credits	2,503,306	2,262,083
	15,647,858	14,396,159
Net goods and services tax	14,868,163	15,168,461
Penalties and interest received		
for goods and services tax	71,407	18,988
Gain on wind-up of interest in Crown corporations		
and disposal of shares in Crown corporations	110,259	2,497
Gifts to the Crown	107	389
Proceeds credited to the Account	15,049,936	15,190,335
Public debt expenditures charged to the Account		
Public debt expenditures chargeable to the Account (Note 3)	29,999,500	32,425,319
Less: amount in excess of the Account's balance ⁽¹⁾	14,949,564	17,234,984
	15,049,936	15,190,335
Account balance, end of year	NIL	NIL

The accompanying notes are an integral part of this statement.

⁽¹⁾ Public debt expenditures chargeable to the Account exceeded the amount available in the Account balance for these charges. Under these circumstances, only the amount necessary to bring the Account balance to nil is charged to the Account as required under section 6 of the *Debt Servicing and Reduction Account Act*.

Notes to the Statement of Transactions of the Debt Servicing and Reduction Account

1. Authority and Objective

On June 18, 1992, the *Debt Servicing and Reduction Account Act* received Royal Assent. Section 8 of the Act requires that the Public Accounts for the 1991-92 and each subsequent year contain a statement setting out the transactions in that year with respect to the Debt Servicing and Reduction Account.

The objective of the *Debt Servicing and Reduction Account Act* is to apply certain Government revenues against charges associated with the public debt. These revenues include Goods and Services Tax (GST), certain gains on disposals of investments in Crown corporations, and gifts to the Crown. The transactions recorded in the Account have been paid into or charged against the Consolidated Revenue Fund, and the Account is consolidated in the summary financial statements of the Government.

2. Significant Accounting Policies

The following accounting policies conform to the stated accounting policies of the Government.

i. Goods and services tax (GST)

The Government generally reports GST revenue in the year in which it is received.

The GST refunds and rebates are allocated to the year in which they are paid. The GST quarterly tax credits are charged in the first month of the quarter to which they relate. GST rebates are reported net of GST collected by the claimants.

ii. Other amounts credited to the Account

Gain on sale of shares in Crown corporations, gain on disposal of shares or interest on wind-up of Crown corporations and gifts to the Crown are reported in the year in which the transactions or events that give rise to these revenues occur.

iii. Public debt expenditures charged to the Account

Public debt expenditures include costs incurred by the Government during the year in servicing, issuing, repayment, discharge or settlement of a debt, under the authority of a borrowing authority act.

3. Public Debt Expenditures Chargeable to the Account

Public debt expenditures chargeable to the Account are calculated as follows:

	(in thousands of dollars)	
	1993	1992
Public debt charges	39,394,087	41,230,511
<i>Less:</i> amounts unrelated to a		
borrowing authority act—		
Interest on unmatured debt ⁽¹⁾	356,443	357,584
Pension and other liabilities	9,038,144	8,447,608
Public debt expenditures		
chargeable to the Account	29,999,500	32,425,319

⁽¹⁾ This amount is for special unmarketable bonds held by the Canada Pension Plan Investment Fund.

4. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year presentation and to reflect the adjustment made in fiscal year 1992-93 to include all amounts received under Part IX of the *Excise Tax Act* as required by the *Debt Servicing and Reduction Account Act*.

SUPPLEMENTARY INFORMATION

OBSERVATIONS BY THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA, THE STATEMENT REQUIRED UNDER THE SPENDING CONTROL ACT AND THE STATEMENT OF TRANSACTIONS OF THE DEBT SERVICING AND REDUCTION ACCOUNT

Introduction

The first part of this section comprises the Financial Statements of the Government of Canada for the year ended March 31, 1993 and my audit opinion on them. Also included in this section are two supplementary statements and my audit opinion on each: the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account.

The mandate for my audit of the Financial Statements of the Government of Canada is contained in section 6 of the *Auditor General Act*. It states that "the Auditor General shall examine the several financial statements required by section 64 of the *Financial Administration Act* to be included in the Public Accounts, and any other statement that the President of the Treasury Board or the Minister of Finance may present for audit and shall express his opinion as to whether they present fairly information in accordance with stated accounting policies of the federal Government and on a basis consistent with that of the preceding year together with any reservations he may have."

The mandate for my audit of the Statement Required under the *Spending Control Act* is contained in section 8 of the *Spending Control Act*. It states, "In auditing the accounts of Canada, the Auditor General of Canada shall examine the statement referred to in subsection 6(1) and shall give an opinion, with any reservations that the Auditor General may have, as to whether the statement fairly presents information in accordance with this Act and the stated accounting policies of the Government on a basis consistent with that of the preceding year." Subsection 6(1) of the *Spending Control Act* states that "the Public Accounts for each controlled fiscal year shall contain a statement by the Minister [of Finance] respecting compliance with this Act in that year."

The mandate for my audit of the Statement of Transactions of the Debt Servicing and Reduction Account is contained in section 9 of the *Debt Servicing and Reduction Account Act*. It states, "In auditing the accounts of Canada, the Auditor General of Canada shall examine the statement referred to in section 8 and shall give an opinion, with any reservations that the Auditor General may have, as to whether the statement fairly presents information in accordance with this Act and the stated accounting policies of the Government on a basis consistent with that of the preceding year." Section 8 of the *Debt Servicing and Reduction Account Act* states, "The Public Accounts for the 1991-92 and each subsequent fiscal year shall contain a statement setting out the transactions in that year in respect of the Debt Servicing and Reduction Account."

In the observations that follow, I comment on the importance of having credible, understandable and timely financial statements, particularly as the Government takes steps to reduce its deficits and debts. I also explain in more detail the meaning of my audit opinions on the three sets of financial statements in this section, and how I arrived at them.

The Importance of Credible, Understandable and Timely Financial Statements

For many years, this section of the Public Accounts has included the financial statements for the Government as a whole, together with an independent opinion on them from the Auditor General. As I reported last year, most countries, including the United States and the UK, do not publish overall financial statements together with an independent opinion from their auditors. New Zealand has only recently begun to do so. Clearly, Canada is at the forefront internationally in this type of reporting.

I continue to regard the Financial Statements of the Government of Canada as a primary accountability report to Parliament and, through it, to all Canadians. As such, the financial statements should provide a clear picture of the federal Government's financial condition at the end of each fiscal year. They should also show whether this financial condition has improved over time or has deteriorated, thus providing an indication of whether this is likely to cause difficulties down the road. All of this is particularly necessary today, with the concerns about deficits and debts. Canadians and their elected representatives ought to be able to gain an appreciation of the Government's financial condition from its financial statements, and to form their own conclusions about the implications.

If the federal Government wants Canadians to accept its fiscal policies for improving its financial condition, it has to demonstrate convincingly that the financial condition warrants the policies it proposes for dealing with it. The summary financial statements of the Government can be useful in this.

But to be useful, the financial statements must be credible, understandable and timely. To be credible, information must reflect financial reality. To be understandable, information must be readily grasped by people with a reasonable knowledge of the Government and its activities. And to be timely, it must be published early enough to be considered seriously in the fiscal planning process.

Credible financial statements. The Canadian Institute of Chartered Accountants' Public Sector Accounting and Auditing Board (PSAAB) is developing and recommending generally accepted accounting principles (GAAP) appropriate for Canadian governments. Public sector GAAP should help make the Government's financial statements more credible, by providing objective standards of good accounting and reporting practice that the Government can use in preparing its financial statements, and against which I can audit.

In the past few years, I have described several concerns about accounting and reporting practices, and I have encouraged the Government to allay these concerns. My encouragement has been either in the form of a reservation of opinion, when I feel that users of the financial statements could be misled, or a discussion in my Observations when I feel users could, in

future, be misled. In the present financial statements, the Government has moved to resolve some areas of concern and is moving closer to implementing fully the recommendations of PSAAB. These changes are as follows:

- Last year, I was concerned that the Government's allowance for general contingencies related to the value of loans to sovereign states was slightly below what I considered to be the minimum acceptable amount. This year, the allowance has been increased and falls within a range of values that I consider to be acceptable.
- Last year, I noted my concern that the profits and losses on enterprise Crown corporations were not being included in the Government's financial statements as soon as they were earned or incurred. This year, the Government has recorded an allowance against these enterprise Crown corporations that approximates their losses (net of profits and other changes in equity).
- Last year, I noted that certain disbursements for program spending were not being shown as such, but instead were being offset against tax revenues. This year, in the Statement of Revenue and Expenditure, the Government shows these offsets in the Gross column.
- Last year, I was concerned that losses under Government loan guarantees be provided for if and when the amount of loss could be reasonably estimated. This year, as described in Note 2 to the financial statements, the Government has changed its accounting policy to reflect these losses.
- Two years ago, I included a reservation in my opinion related to improper accounting for the effect of short-term wage restraint on employee pensions. This year, as described in Note 2 to the financial statements, the Government has changed its accounting policy to account for short-term wage restraint legislated during the year and for that legislated two years ago, in accordance with the recommendations of PSAAB.

I am encouraged by these and other changes the Government has implemented in these financial statements. However, even though the Government has recognized an allowance in these financial statements sufficient to account for the net losses of its enterprise Crown corporations, it continues to account for investments in those corporations by the "cost" method of accounting. PSAAB recommends what is known as the "modified equity" basis of accounting. This would require enterprise profits and losses to be automatically included in the Government's financial statements and deficit as soon as they are earned or incurred, and would avoid judgmental and periodic valuation allowances such as the one recorded this year. Further, it would result in the reflection, in the Statement of Assets and Liabilities, of a value for investments in enterprise corporations that more closely relates to the equity values reflected by the corporations themselves. I encourage the Government to adopt PSAAB's modified equity basis of accounting for these corporations as soon as possible.

Understandable financial statements. In my judgment, the Government's financial statements would be more understandable if they were presented in a comprehensive but succinct annual financial report, similar to the annual reports published by corporations in the private sector. Properly crafted, concise annual financial reports would help inform Canadians about the Government's financial condition in terms they could readily understand.

The Department of Finance already publishes "The Fiscal Monitor" at the end of each quarter and at year end. This concise summary of financial results is attractively presented, and contains tables, charts and text designed to help users obtain "the big picture" without getting buried in massive amounts of detail. In my view, the Government's annual financial statements should be presented with the same concern for clarity.

In addition, this year the Government has significantly improved the presentation of summary information in Section 1 of this volume. The section is also attractively presented and includes a "scorecard" -- a comparison of actual results with budget forecasts -- which I have been urging the Government to provide for several years now. In my view, if Section 1 were published separately from this massive three-volume set of Public Accounts documents, together with my opinion on the condensed financial statements contained therein, the Government would have gone a long way toward achieving the concise annual financial report I have been calling for.

I do not wish to imply that I am totally happy with the way information is presented in "The Fiscal Monitor" and Section 1. I have already described my disagreement with the cost method of accounting for enterprise Crown corporations. But, in addition, the information presented in these documents for revenues and expenditures is on a net basis (unlike the audited financial statements, which present both gross and net). This net presentation is undesirable because it hides from public view significant Government activities, such as disbursements under the Child Tax Benefit Program, which are netted against personal income tax revenues.

Timely financial statements. Last year, the Public Accounts were tabled in Parliament in December, nine months after the close of the fiscal year. Although preliminary financial results for 1992-93 were published in November 1993, the present Public Accounts are being tabled in January, ten months after the close of the fiscal year. There have been a variety of reasons for this, including allowing sufficient time for revised pension legislation to be enacted in 1992, and the fact that Parliament was not in session during the summer and fall of 1993. Nonetheless, this is simply too late for meaningful analysis and discussion by members of Parliament and other users of the audited financial statements.

Audited financial statements of large organizations, even those comprising multiple consolidated entities, are published much sooner after the year end. Consider the following organizations:

<u>ORGANIZATION:</u>	<u>YEAR END:</u>	<u>AUDITED FINANCIALS PUBLISHED:</u>
Alcan	December 31, 1992	February 11, 1993
Canadian Pacific	December 31, 1992	March 8, 1993
Imperial Oil	December 31, 1992	February 24, 1993
Bombardier	January 31, 1993	May 14, 1993
Ontario Hydro	December 31, 1992	May 13, 1993
Bank of Canada	December 31, 1992	February 26, 1993
Export Development Corp	December 31, 1992	March 22, 1993

There is no question that the Government's financial statements, which provide accountability for trillions of dollars in transactions by over 200 consolidated entities, must necessarily involve a lot of time after year end to prepare and audit. And it takes time to adjust the Government's books and records in the period subsequent to the end of the year, for complicated transactions such as those resulting from federal-provincial agreements. As well, the financial statements are included in the Public Accounts, which may be made public only upon tabling in Parliament, i.e., when the House is in session.

However, at least in the medium term, I see no reason why the Government should not be able to table the Public Accounts in Parliament by the middle of October. I would be pleased to work with the Government to ensure that the financial statements are prepared, and my audit completed, to meet that target.

The requirement to table the Public Accounts in Parliament is found in section 64 of the *Financial Administration Act*. However, were the Government to prepare an annual financial report containing audited summary financial statements it could be published even if Parliament were not in session. Several provincial governments are doing this now. With the increased efficiency of working on a succinct annual report as a priority and leaving the massive Public Accounts volumes until later, it is possible that the Government could publish such a document much earlier, perhaps even by the end of August.

Providing this kind of information early in the fall would also be consistent with the concerns that I and many others have raised about the need for more open and effective debate in Parliament on the federal financial condition and proposed fiscal directions. A succinct annual financial report along with other broad based financial information, given to Parliament in the fall, would allow for a more informed debate and greater input from Parliament and the public. Again, I would be pleased to work with the Government to achieve this goal.

What My Audit Opinions Mean and How I Arrived at Them

This section of Volume I of the Public Accounts contains three sets of financial statements and my audit opinion on each. The statements are:

- the Financial Statements of the Government of Canada;
- the Statement Required under the *Spending Control Act*; and
- the Statement of Transactions of the Debt Servicing and Reduction Account.

My audit opinions on these financial statements consist of three paragraphs:

The introductory paragraph. The introductory paragraph begins by listing the financial statements covered by my opinions. It is important to note that my audit opinions relate only to the financial statements and related notes contained in Section 2 of Volume I of the Public Accounts of Canada. They do not extend to the more detailed information presented in other sections of Volume I, or to Volume II.

The introductory paragraph concludes by confirming that the financial statements are the responsibility of the Government, and that my responsibility is to express an opinion on them.

The scope paragraph. In this paragraph, I state that my audit work on the Government's financial statements has been conducted according to generally accepted auditing standards prescribed by the Canadian Institute of Chartered Accountants. I use these standards to ensure that my audit is conducted with appropriate rigor and professionalism.

The opinion paragraph. The opinion paragraph contains my overall opinion about three matters. For the Financial Statements of the Government of Canada, these matters are:

- whether the statements may be relied on to present fairly the Government's financial position, results of operations, changes in financial position and financial requirements;
- whether the statements were prepared in accordance with the Government's stated accounting policies; and
- whether the stated accounting policies were applied on the same basis as in the preceding year.

For the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account, my conclusions relate to:

- whether the statements present information fairly;
- whether the statements present information in accordance with the Acts that create them;
- whether the statements were prepared in accordance with the Government's stated accounting policies; and
- whether the stated accounting policies were applied on the same basis as in the preceding year.

To present information fairly, the financial statements must be free of material misstatement. To determine what constitutes a misstatement, there must be standards against which my judgments can be made. The Government's stated accounting policies, certain recommendations of PSAAB and, for the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account, the provisions of enabling legislation are the standards that I have used this year.

There is a good deal of judgment required in preparing and auditing summary financial statements for an entity the size of the Government of Canada. Many of the significant amounts reported in the financial statements, such as allowances for valuation of various assets and liabilities and the pension liability, are based on estimates made by the Government. These accounts are inherently imprecise. When considering whether misstatements exist in them, I determine a range of values for each that I believe would be reasonable. If the balance of the account as determined by the Government falls within my range, I conclude that there is no misstatement.

Further, due to the accounting policies the Government follows, my audit of tax revenue is restricted to amounts received during the year. Income tax revenue is based on self-assessed income earned and reported by taxpayers. Self-assessed income tax reported to the Government after the end of the year, additional tax assessed by the Government through

audits in future years, and tax not reported to the Government at all (the "underground economy") are effectively excluded from the financial statements of the year. These items can only be subject to audit when, and if, amounts are received in the future.

With all of this in mind, if I conclude that, in the aggregate, the financial statements are free of material misstatement, I report that information is "presented fairly". If I conclude that the statements are materially misstated, I add supporting reservations to explain why.

In planning my audit of each of the three sets of financial statements included in this section of Public Accounts Volume I, I consider two main, interrelated factors. The first is a dollar amount called "materiality"; the second is the nature, extent and timing of the audit work required. In addition, in all of my audit work on these financial statements, I take into account the basic requirement that the Government comply with parliamentary authorities to spend, borrow and raise revenues.

Materiality. As I have already noted, to present information fairly the financial statements must be free of significant misstatements. This concept, called materiality, is explicitly referred to in both the scope paragraph and the opinion paragraph of my audit opinions.

The aggregate of all misstatements is considered material if, in the light of surrounding circumstances, it is probable that the misstatements would change or influence the decision of a person who was relying on the financial statements and who had reasonable knowledge of the Government and its activities. I will include a reservation in my audit opinion if I believe that the aggregate of all misstatements in the financial statements would mislead the users relying on them.

Before beginning my audit I considered the magnitude of misstatements in the deficit that would influence the decision of a user of the financial statements. This year I generally planned my audit of the Financial Statements of the Government of Canada to detect misstatements that would affect the deficit for the year if the misstatements aggregated to more than \$ 600 million. Although in absolute dollars this is a large amount, it represents only one-third of one percent of total expenditure, or one and one-half percent of the deficit for the year. Larger amounts are used for other misstatements, such as those with no impact on the annual deficit.

My audits of the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account were planned to detect misstatements that aggregate to more than \$ 600 million and \$ 400 million respectively.

As discussed above, I designed my audit to detect misstatements that, in the aggregate, equal or exceed materiality. For reasons of sensitivity, some procedures such as those designed to detect non-compliance with spending authorities are performed at a lower level of materiality. At the same time, certain of my audit procedures are directed at financial statement items that, by their nature, are inherently difficult to estimate, such as the pension liability and allowances for valuation. For such items, I design procedures to detect misstatements that would be material, taking into account their inherent imprecision and magnitude. In other words, I use my professional judgment to determine whether the decisions of users would be affected, and thus to determine if a reservation of my opinion should be considered.

I use the concept of materiality and a quantitative estimate of it in designing my audit and in formulating my opinion on the financial statements. However, I strongly encourage the Government to correct all misstatements that are detected during the audit.

The nature, extent and timing of the work required. In conducting my audits of the three sets of financial statements contained in this section, I cannot be absolutely certain that they will reveal all misstatements in the financial statements that, individually or in the aggregate, may be material. The size and complexity of the Government, as well as cost considerations, make it impractical for me to examine all or even most of the trillions of dollars in individual transactions entered into during the year.

Generally accepted auditing standards require that I have "reasonable assurance" that my audits will reveal misstatements aggregating to more than the predetermined materiality levels. I planned my audits of the Financial Statements of the Government of Canada, the *Spending Control Act* Statement and the Statement of Transactions of the Debt Servicing and Reduction Account to achieve a high level of overall audit assurance. To obtain the desired level of assurance, I verified samples of transactions and account balances, performed analyses, confirmed year-end balances with third parties and where necessary, reviewed significant internal controls.

My audit of the Government's financial statements was neither extensive enough nor designed to provide assurance on: (i) the integrity of each of the Government's many and varied systems of internal control; and (ii) compliance with spending limits in each of the Government's several hundred individual appropriations. Additional work, relating to internal control and compliance with spending limits and other authorities, is conducted on a cyclical basis within departments and agencies. I consider all of this work in developing my opinion on the Government's financial statements. If issues are identified that I feel are significant to the users of the financial statements, I will mention them in my opinion. Although some serious issues of internal control and compliance with authority were identified, none of these require mention in the context of my opinion on the financial statements. The results of this work are included in my annual Report to Parliament.

Summary Conclusions

In summary, for Parliament and all Canadians to understand the Government's present financial condition, it is crucial that its financial statements be credible, understandable and timely. Implementing PSAAB recommendations fully, particularly modified equity accounting for enterprise Crown corporations, will make the Government's financial statements much more credible. Presenting the financial statements in a concise annual financial report, with adequate analyses in plain language, will make the statements much more understandable. And publishing the annual financial report by the end of August will make the messages more useful in debating the fiscal directions of Canada.

SECTION 3

1992-93 PUBLIC ACCOUNTS

Budgetary Revenue

CONTENTS

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Budgetary revenue	3.2
Revenue from outside parties by main classification	3.2
Budgetary revenue in 1992-93	3.6
Tax revenue	3.6
Non-tax revenue	3.8

BUDGETARY REVENUE

Budgetary revenue consists of all tax and non-tax amounts which affect the annual surplus or deficit of the Government of Canada. Revenue is reported net of refunds, and excludes taxes collected on behalf of provinces and territories, and amounts credited to other liability accounts.

The Government generally reports tax revenue in the year in which it is received. Refunds of tax revenue are allocated to the year in which the processing cycle for the assessment of the related tax return has been started. The Goods and Services Tax (GST) quarterly tax credits and payments under the child tax benefit program are charged in the period to which they relate.

Tax revenue for a fiscal year includes receipts credited to the Receiver General for Canada by the Bank of Canada and the chartered banks by March 31st and amounts received by federal government offices by March 31st, but not deposited until April or not credited to the Receiver General until April. Tax revenue also includes amounts received in the mail on the first working day of April, except when it is clear that it was the remitter's intention to discharge an obligation arising in the new fiscal year.

The main factors affecting the flow of tax revenue are variations in economic conditions, changes in statutory tax rates,

and changes in the base upon which the statutory tax rates are applied and taxes calculated. Although a taxpayer's income tax liability relates to a taxation year, collection of individual and corporation income taxes by payroll deductions and instalment payments results in a distribution of receipts throughout the year. Similarly, sales and excise taxes and duties are received on a regular basis throughout the year.

Non-tax revenue is reported in the year in which the transactions or events that gave rise to the revenue occur.

Revenue, both tax and non-tax, is reported on both a gross and net basis. The difference between the two is revenue from outside parties credited to appropriations, revenue of consolidated Crown corporations credited to expenditure, tax revenue items related to expenditure and included in revenue, and recovery of tax revenue credited to expenditure.

Revenue from Outside Parties by Main Classification

Chart A presents net revenue from outside parties by main classification for the current fiscal year while Chart B compares the net revenue from outside parties for the last five fiscal years.

CHART A
TOTAL NET REVENUE FROM OUTSIDE PARTIES
BY MAIN CLASSIFICATION
(in millions of dollars)

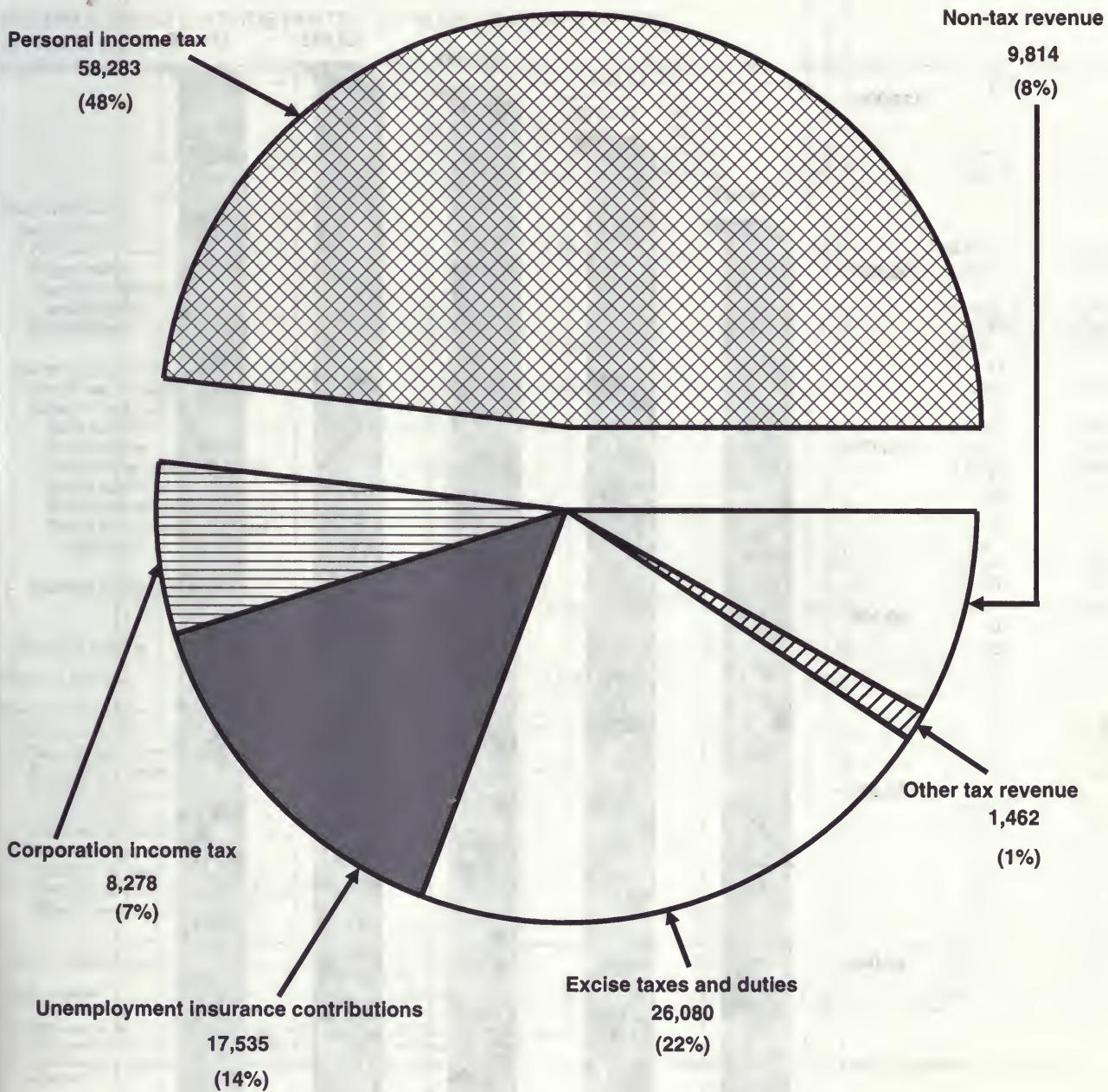


CHART B
TOTAL NET REVENUE FROM OUTSIDE PARTIES

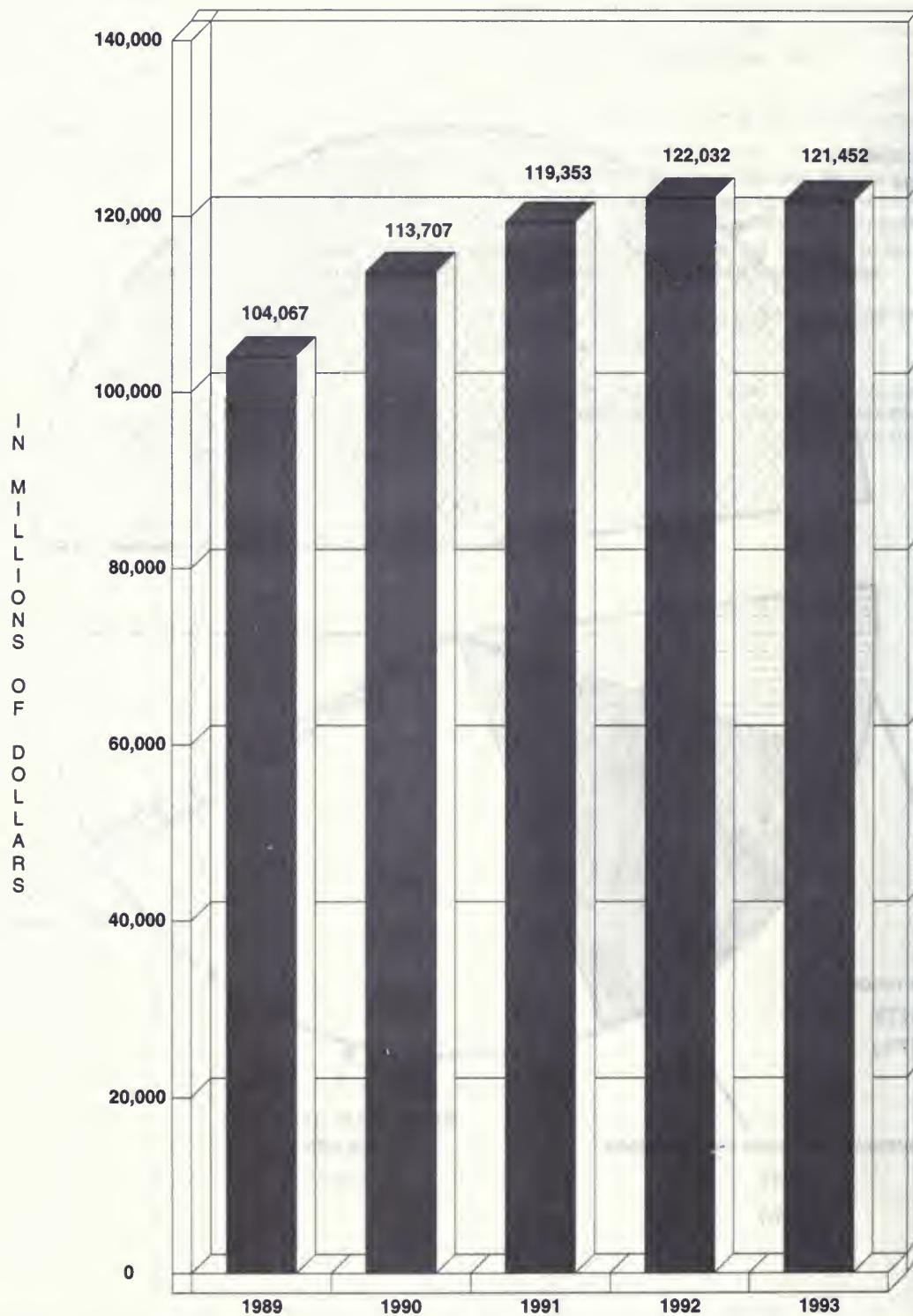


Table 3.1 presents revenue from outside parties by main classification on both a gross and net basis. "Gross revenue" reports all revenue received from outside parties including:

— revenue credited to appropriations where, as authorized by Parliament, certain revenues which are associated with the recovery of certain costs are credited to program spending. In such cases, Parliament votes such funds net of authorized revenue;

- tax credits and repayments where certain tax credits are related to expenditures but are determined through the income tax or fiscal arrangements processes;
- revenue of consolidated Crown corporations where, for reporting in the annual financial statements, the financial transactions of certain Crown corporations are included with those of the Government.

"Net revenue" excludes the above three categories.

TABLE 3.1

REVENUE FROM OUTSIDE PARTIES BY MAIN CLASSIFICATION
(in millions of dollars)

	1992-93				1991-92		
	Gross revenue ⁽¹⁾	Revenue credited to appropriations	Tax credits and repayments	Consolidated Crown corporations ⁽³⁾	Net revenue ⁽¹⁾	Gross revenue ⁽¹⁾	Net revenue ⁽¹⁾
Tax revenue—							
Income tax—							
Personal	61,677		3,394		58,283	64,094	61,222
Corporation	8,278				8,278	9,359	9,359
Unemployment insurance contributions	17,535				17,535	15,394	15,394
Non-resident	1,191				1,191	1,261	1,261
	88,681		3,394		85,287	90,108	87,236
Excise taxes and duties—							
Goods and services tax, Table 3.3 ..	17,371		2,503		14,868	17,430	15,168
Sales tax and excise taxes—							
Sales tax	-139				-139	-1,969	-1,969
Excise duties	1,896				1,896	2,074	2,074
Other excise taxes and duties ..	2,705	498			2,207	2,969	2,483
Excise tax—Gasoline	3,177				3,177	3,138	3,138
Petroleum and gas revenue tax ..	-17				-17	3	3
Excise tax—Aviation gas and diesel fuel	277				277	300	300
	7,899	498			7,401	6,516	6,029
Customs import duties	3,811				3,811	3,999	3,999
	29,081	498	2,503		26,080	27,945	25,196
Other tax revenue	271				271	273	273
Total tax revenue	118,033	498	5,897		111,638	118,326	112,705
Non-tax revenue—							
Return on investments, Table 3.4 ..	6,873	23		12	6,838	6,622	6,521
Other non-tax revenue—							
Privileges, licences and permits ..	648	189			459	677	419
Refunds of previous years' expenditure	651	1			650	295	295
Services and service fees	1,709	1,423			286	1,707	285
Proceeds from sales	577	218			359	250	60
Domestic coinage	80				80	51	51
Premium and discount on exchange	117	2			115	46	44
Miscellaneous non-tax revenue ..	2,002	326		649	1,027	2,923	1,652
	5,784	2,159		649	2,976	5,949	2,806
Total non-tax revenue	12,657	2,182		661	9,814	12,571	9,327
Total revenue⁽²⁾	130,690	2,680	5,897	661	121,452	130,897	122,032

⁽¹⁾ Reflected on the Statement of Revenue and Expenditure in Section 2 of this volume.

⁽²⁾ Additional details are provided in Table 4a in Section 1 of Volume II (Part I).

⁽³⁾ Additional information on the consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

On a day-to-day basis, organizations within the Government transact with each other and thus contribute to gross amounts of revenue and expenditure. In preparing the financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only. Table 3.2 provides details of internal revenue transactions and shows the total of revenue from both internal and external

sources. The total gross revenue of \$135,218 million includes the total revenue from all sources. Revenue of consolidated Crown corporations, revenue credited to appropriations, and tax credits and repayments are deducted to arrive at net revenue from all sources. This total of \$121,545 million is made up of total ministerial revenue (\$104,030 million) and revenue of consolidated specified purpose accounts (\$17,515 million) as detailed in Table 4a in Volume II (Part I).

TABLE 3.2

REVENUE FROM ALL SOURCES
(in millions of dollars)

	Gross revenue	Less: revenue of consolidated Crown corporations	Less: revenue credited to appropriations From outside parties	Internal to the Government	Less: tax credits and repayments	Net revenue
Transactions with outside parties	130,690	661	2,680		5,897	121,452
Internal transactions by main classification—						
Sales tax		4				4
Customs import duties						
Return on investments		7				7
Privileges, licences and permits	38			34		4
Refunds of previous years' expenditure	27					27
Services and service fees	4,024			4,016		8
Proceeds from sales	296			295		1
Miscellaneous non-tax revenue	132			90		42
Total internal transactions	4,528			4,435		93
Total revenue	135,218	661	2,680	4,435	5,897	121,545

Budgetary Revenue in 1992-93

Total net budgetary revenue in 1992-93 amounted to \$121,452 million. This represents a decrease of 0.5 percent, or \$580 million from the level reported for 1991-92.

Tax Revenue

Tax revenue amounted to \$111,638 million in 1992-93. This accounts for 92 percent of total revenue.

Personal Income Tax

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*. Personal income tax is the largest source of federal Government revenue, accounting for about 48 percent of total budgetary revenue in 1992-93.

Corporation Income Tax

The corporation income tax is levied on corporation income under the provisions of the *Income Tax Act*.

Unemployment Insurance Contributions

Premiums from employees and employers are levied under the provisions of the *Unemployment Insurance Act* and are classified as part of budgetary revenue.

Non-Resident Income Tax

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax Act*. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Excise Taxes and Duties

Excise taxes and duties are collected under the *Excise Tax Act* and *Customs Tariff Act*. Excise taxes and duties include the federal manufacturers' sales tax, the goods and services tax, customs import duties, energy taxes, and other excise taxes and duties.

Goods and services tax

The goods and services tax became effective January 1, 1991, replacing the federal manufacturers' sales tax. The GST is applied at a rate of 7 percent on most goods and services consumed in Canada, with the exception of basic groceries, most health and dental care services, most educational services,

and residential rents. In contrast, the manufacturers' sales tax was applied solely to manufactured goods at a general rate of 13.5 percent.

A comparative analysis of the goods and services tax (GST) is presented in Table 3.3.

TABLE 3.3**GOODS AND SERVICES TAX (GST)⁽¹⁾**
(in thousands of dollars)

	1992-93	1991-92
GST collected (National Revenue—Customs and Excise)	30,452,733	29,496,016
<i>Add: GST collected by ministries on goods and services sold to outside parties:</i>		
Agriculture	4,079	5,790
Atlantic Canada Opportunities Agency	19	17
Communications	1,184	374
Consumer and Corporate Affairs	632	720
Employment and Immigration	72	44
Energy, Mines and Resources	594	533
Environment	2,429	2,220
External Affairs	2	2
Finance	66	30
Fisheries and Oceans	748	715
Forestry	20	27
Governor General	3	2
Indian Affairs and Northern Development	176	205
Industry, Science and Technology	1,704	1,606
Justice	27	33
Labour	51	73
National Defence	839	840
National Health and Welfare	13	17
National Revenue—Taxation	146	125
Parliament	12	15
Privy Council	32	18
Public Works	17,733	15,563
Secretary of State	50	26
Solicitor General	918	850
Supply and Services	2,827	3,747
Transport	28,259	34,399
Treasury Board	616	575
Veterans Affairs	37	37
Western Economic Diversification	1	
	63,288	68,604
Total GST collected	30,516,021	29,564,620
<i>Less: remission order for the GST paid or payable by ministries on or for goods and services purchased from outside parties (National Revenue—Customs and Excise)</i>		
outside parties (National Revenue—Customs and Excise)	1,006,047	804,144
refunds paid (National Revenue—Customs and Excise)	10,702,148	10,067,647
rebates paid (National Revenue—Customs and Excise)	1,436,357	1,262,285
Gross GST collected from outside parties	17,371,469	17,430,544
<i>Less: quarterly tax credits paid (National Revenue—Taxation)</i>		
2,503,306	2,262,083	
Net GST collected from outside parties	14,868,163	15,168,461

⁽¹⁾ Reported in: —Note 4 to the audited financial statements (Section 2 of this volume).
—Statement of Transactions of the Debt Servicing and Reduction Account (Section 2 of this volume).
—Revenue statement in each ministerial section (Volume II-Part I).

Sales tax

With the introduction of the GST, the Federal Manufacturer's Sales Tax ceased to have general application after December 31, 1990. However, sales tax paid on new and unused goods in inventory as of December 31, 1990 was rebated.

Energy taxes

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel.

Other excise taxes and duties

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as jewellery and passenger vehicle air conditioners.

Customs import duties

Revenue from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff Act*.

Other Tax Revenue

Other tax revenue is comprised primarily of withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

Non-Tax Revenue

Non-tax revenue amounted to \$9,814 million in 1992-93. This accounts for 8 percent of total revenue.

Return on Investments

Return on investments consists mainly of interest from loans and advances, transfer of profits and surpluses, and rental income from properties. The various components of return on investments are presented in Table 3.4, on both a gross and net basis.

TABLE 3.4

RETURN ON INVESTMENTS⁽¹⁾
(in millions of dollars)

	1992-93	1991-92
Loans, investments and advances—		
Enterprise Crown corporations—		
Canada Deposit Insurance Corporation	182	222
Canada Mortgage and Housing Corporation	800	754
Canadian National Railway Company	11	90
Export Development Corporation	25	
Farm Credit Corporation	226	215
	1,244	1,281
Other—		
Bank of Canada	1,806 ⁽²⁾	1,844 ⁽²⁾
Miscellaneous	129	65
	1,935	1,909
	3,179	3,190
Provincial and territorial governments	76	65
National governments including developing countries	69	74
International organizations	8	5
Joint and mixed enterprises	47	13
Miscellaneous loans, investments and advances	24	26
	3,403	3,373
Foreign exchange accounts—		
Exchange Fund Account	3,548	2,227
International Monetary Fund—Subscriptions	11	17
	3,559	2,244
Cash—		
Interest on bank deposits	169	192
Consolidated accounts—		
Unemployment Insurance Account	27	22
Western Grain Stabilization Account	81	79
Agricultural Commodities Stabilization Accounts	19	6
Atomic Energy of Canada Limited ⁽³⁾		208
Other	2	3
	129	318
Other accounts—		
Interest on investment re: military purchases	9	16
Esso Ltd—Norman Wells Project profits	44	13
Other	17	9
	70	38
Total ministerial net return on investments	7,330	6,165
Exchange Fund Account adjustment ⁽⁴⁾	-339	673
Accrual of non-tax revenue	-17	-54 ⁽⁵⁾
Consolidated specified purpose accounts	-129	-107
Consolidation adjustment		-153
Total net return on investments	6,845	6,524
Return on investments internal to the Government	-7	-3
Total net return on investments from outside parties	6,838	6,521
Revenue credited to appropriations from outside parties	23	23
Consolidated Crown corporations	12	78
Total gross return on investments from outside parties	6,873	6,622

⁽¹⁾ Additional details are provided in Table 4a in Section 1 of Volume II (Part I).⁽²⁾ On an accrual basis, the revenue is as follows: \$2,094 million for 1992-93 and \$2,044 million for 1991-92.⁽³⁾ In Section 12 of Volume II (Part II), Atomic Energy of Canada Limited is shown as an enterprise Crown corporation.⁽⁴⁾ Adjustment to recognize the net income for the 12 months period ending March 31.⁽⁵⁾ The previous year's figure has been modified due to a reclassification of accounts receivable, from return on investments to miscellaneous non-tax revenue.

Other Non-Tax Revenue

Other non-tax revenue is comprised of proceeds from the sale of capital assets and current goods and services, refunds of previous years' expenditure, service fees, privileges, licences

and permits, domestic coinage, and miscellaneous non-tax revenue. Details are reported by individual ministry in Volume II (Part I) of the Public Accounts.

SECTION 4

1992-93 PUBLIC ACCOUNTS

Budgetary Expenditure

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Public debt charges	4.7
Expenditure under statutory authority	4.7
Transfer payments	4.9
Details of transfer payments by province	4.10

BUDGETARY EXPENDITURE

Budgetary expenditure includes charges for work performed, goods received, services rendered and transfer payments made during the year. Budgetary expenditure may also include net charges related to allowances for the valuation of assets, for general contingencies, for borrowings of agent enterprise Crown corporations, and for other liabilities.

Expenditure with Outside Parties by Type

Chart A presents the total net expenditure with outside parties by type for the current fiscal year, while Chart B compares the

total net expenditure with outside parties for the last five fiscal years.

Table 4.1 presents expenditure with outside parties by type. The table is presented on both a gross and a net basis. The difference between gross and net expenditure is revenue from outside parties credited to appropriations, revenue of consolidated Crown corporations credited to expenditure, tax revenue items related to expenditure and included in revenue, and recovery of tax revenue credited to expenditure.

CHART A TOTAL NET EXPENDITURE WITH OUTSIDE PARTIES BY TYPE (in millions of dollars)

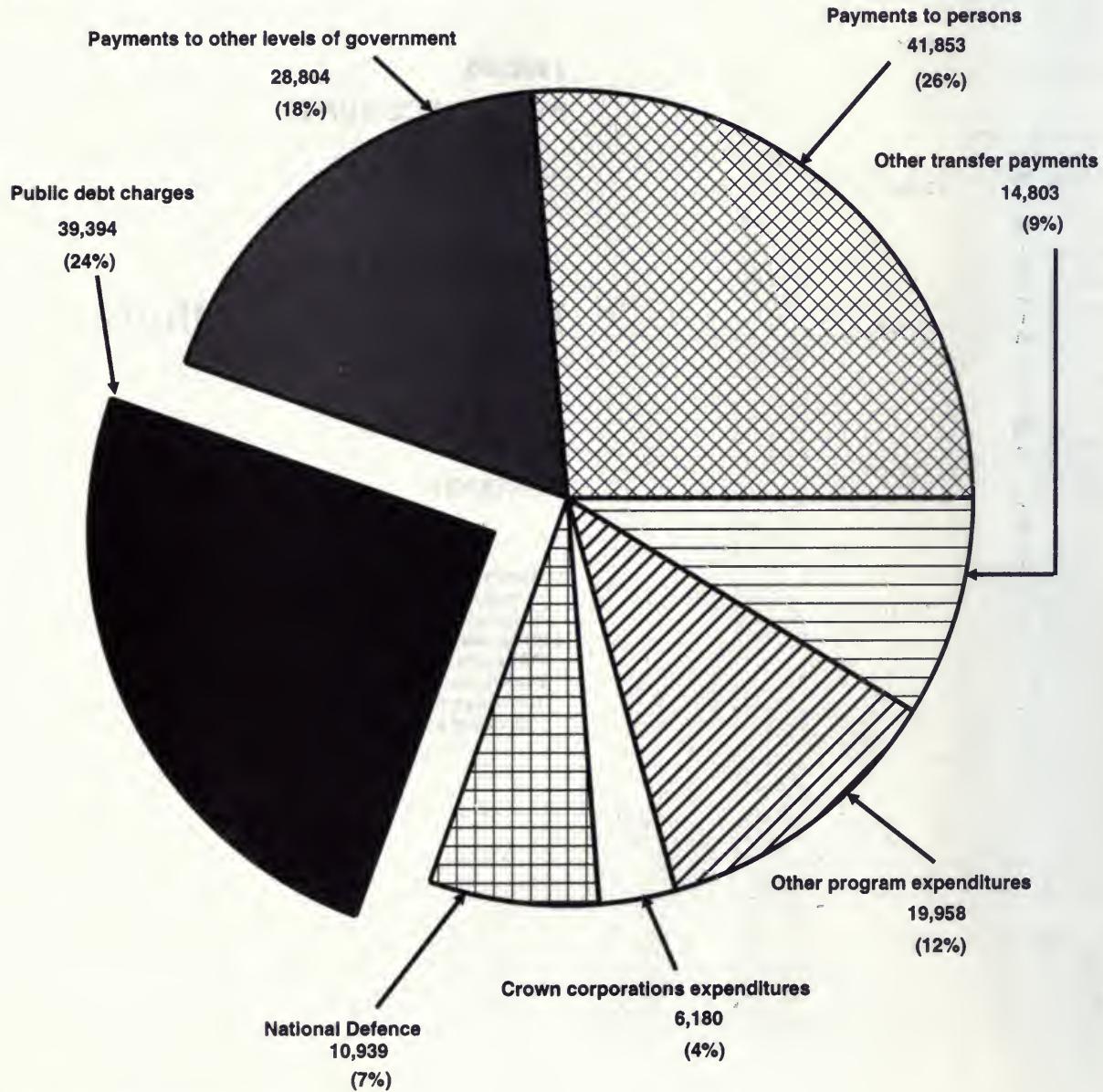


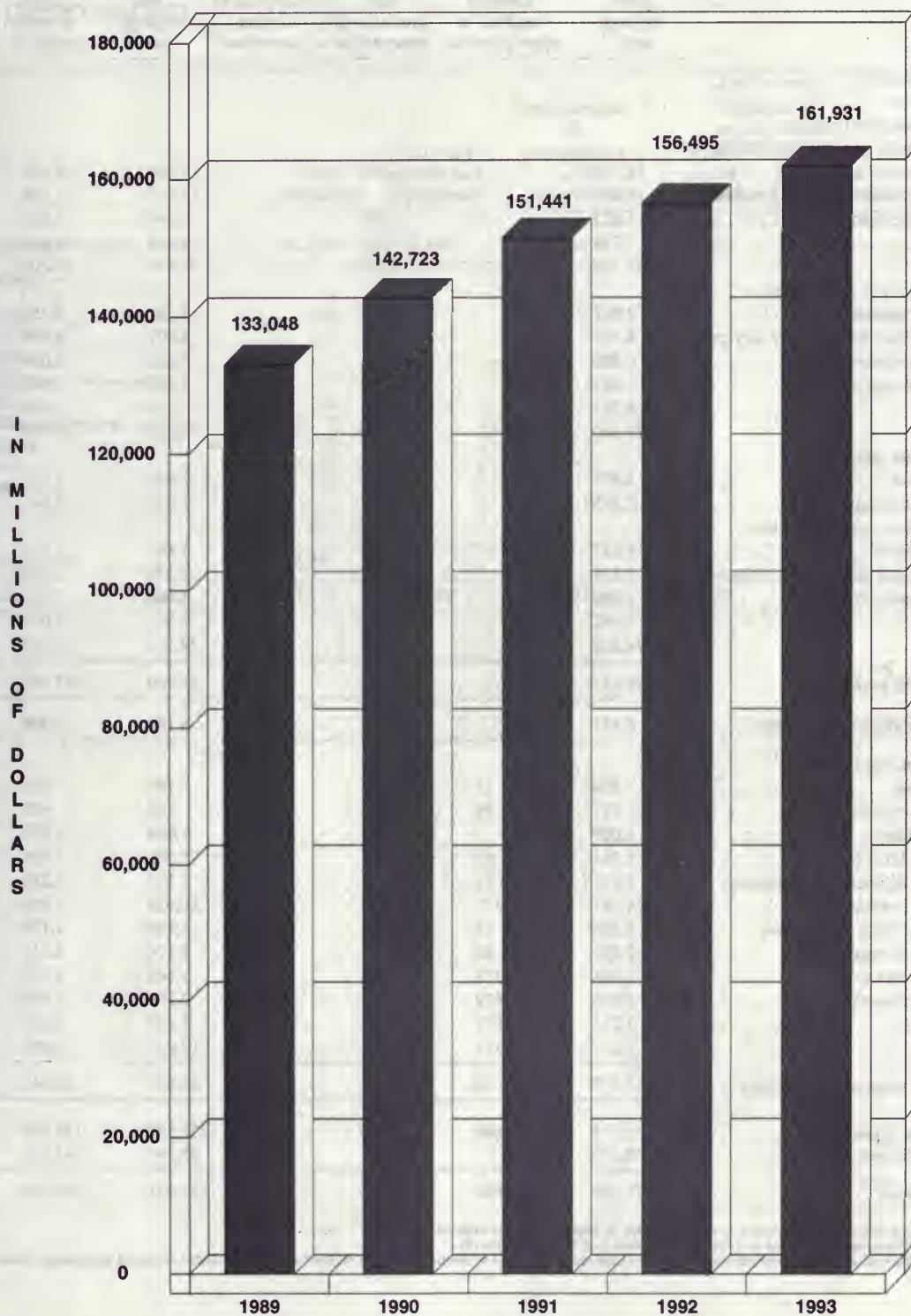
CHART B
TOTAL NET EXPENDITURE
WITH OUTSIDE PARTIES

TABLE 4.1
EXPENDITURE WITH OUTSIDE PARTIES BY TYPE
(in millions of dollars)

	1992-93					1991-92	
	Gross expenditure ⁽¹⁾	Revenue credited to appropriations	Tax credits and repayments	Consolidated Crown corporations ⁽³⁾	Net expenditure ⁽¹⁾	Gross expenditure ⁽¹⁾	Net expenditure ⁽¹⁾
Transfer payments —							
To persons —							
Old age security benefits, guaranteed income supplements and spouses' allowances	18,758		-348	19,106	18,168	18,393	
Unemployment insurance benefits ..	19,065			19,065	18,126	18,126	
Family allowances	1,823		-371	2,194	2,606	2,821	
Other	7,728		6,240	1,488	6,606	1,434	
	47,374		5,521	41,853	45,506	40,774	
To other levels of government —							
Fiscal arrangements	7,967		376	7,591	9,256	8,854	
Insurance and medical care services ..	8,307			8,307	6,689	6,689	
Canada Assistance Plan	6,686			6,686	6,099	6,099	
Education support	2,887			2,887	2,142	2,142	
Other	3,333			3,333	3,182	3,182	
	29,180		376	28,804	27,368	26,966	
Other transfer payments —							
Foreign aid	2,805			2,805	2,787	2,787	
Indians and Inuit	2,845			2,845	2,547	2,547	
Job creation and Labour Force							
Adjustment	1,887			1,887	1,951	1,951	
Regional and industrial development ..	2,238			2,238	2,002	2,002	
Agricultural programs	1,666			1,666	1,853	1,853	
Other	3,362			3,362	3,073	3,073	
	14,803			14,803	14,213	14,213	
Total transfer payments	91,357		5,897	85,460	87,087	81,953	
Crown corporations expenditures	6,841			661	6,180	6,398	5,301
Other program expenditures —							
Agriculture	804	15		789	893	878	
Communications	577	19		558	485	464	
Environment	1,009			1,009	1,001	1,000	
External Affairs	1,344	43		1,301	1,086	1,052	
Industry, Science and Technology ..	1,177	42		1,135	1,288	1,243	
National Defence	11,311	372		10,939	11,239	10,901	
National Health and Welfare	1,202	75		1,127	1,129	1,073	
National Revenue	2,222	48		2,174	2,213	2,163	
Public Works	1,464	322		1,142	1,226	874	
Solicitor General	3,016	622		2,394	2,909	2,344	
Transport	2,214	971		1,243	2,286	1,266	
Other	7,237	151		7,086	4,889	4,752	
Total other program expenditures	33,577	2,680		30,897	30,644	28,010	
Total program expenditures	131,775	2,680	5,897	661	122,537	124,129	115,264
Public debt charges, Table 4.3	39,394				39,394	41,231	41,231
Total expenditure ⁽²⁾	171,169	2,680	5,897	661	161,931	165,360	156,495

(1) Reflected on the Statement of Revenue and Expenditure in Section 2 of this volume.

(2) Additional information is provided in Table 2a in Section 1 of Volume II (Part I).

(3) Additional information on the consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

On a day-to-day basis, organizations within the Government entity transact with each other and thus contribute to the amounts of revenue and expenditure recorded in the accounts. In preparing the financial statements, these "internal transac-

tions" are eliminated so as to report on the basis of transactions with outside parties only. Table 4.2 provides details of internal expenditure transactions and shows the total of expenditures transacted by the Government with all sources.

TABLE 4.2
EXPENDITURE BY SOURCE
(in millions of dollars)

	Gross expenditure	Less: tax credits and repayments	Less: revenue of consolidated Crown corporations	From outside parties	Less: revenue credited to appropriations Internal to the Government	Net expenditure
Transactions with outside parties	171,169	5,897	661	2,680		161,931
Internal transactions —						
Agriculture	1					1
Communications	199				197	2
Environment	37				34	3
External Affairs	1					1
Industry, Science and Technology	29				29	
National Defence	22				19	3
National Health and Welfare	3					3
National Revenue	81				46	35
Public Works	3,195				3,193	2
Solicitor General	94				93	1
Transport	13				12	1
Other	852				811	41
Total internal transactions	4,527				4,434	93
Total expenditure	175,696	5,897	661	2,680	4,434	162,024

Budgetary Expenditure in 1992-93

Total net budgetary expenditure with outside parties in 1992-93 amounted to \$161,931 million. This represents an increase of 3.47 percent from the level of \$156,495 million reported in 1991-92.

Government spending consists of four major types:

- transfer payments;
- payments to Crown corporations;
- operating and capital expenditures; and
- public debt charges.

Transfer payments are Government expenditures, such as grants and contributions, subsidies, cash transfers to provinces, transfer payments to persons and international assistance payments. These expenditures do not result in the direct receipt of goods or services.

Payments to persons provide for income support or income supplement. Assistance is based on age, family status, income, and employment criteria. These payments represent 34.2 percent of total Government program spending excluding public debt charges. Unemployment insurance and programs for elderly account for 91.2 percent of the payments in this category.

Payments to other levels of government consist of cash transfers to the provinces under three main programs:

- Established Program Financing;
- Fiscal Arrangements; and
- Canada Assistance Plan.

Established Programs Financing payments provide financial assistance to provinces and territories in respect of health care services and post-secondary education.

Fiscal Arrangements are unconditional fiscal transfer payments to lower income provinces and also include subsidies under the Constitution Acts and reciprocal taxation payments.

Each province administers its own social assistance programs and the federal Government shares in the cost of these services through the Canada Assistance Plan.

Direct cash transfers to other levels of government increased by 6.8 percent between 1991-92 and 1992-93. The major factor contributing to this increase was higher cost in insurance and medical care services.

Other transfer payments, which amounted to 12.1 percent of program spending, include various subsidies paid through federal programs to stabilize market prices for commodities, for the development of new technologies, for the conduct of research, for the establishment of new jobs through support for training, for the promotion of educational and cultural activities, and other miscellaneous payments.

Crown corporations expenditures include budgetary allocations to a wide variety of corporations. There was an increase of 16.6 percent from the previous year.

Other program expenditures include defence spending, as well as Government administration and specific services delivered to the public. This spending covers the operating and capital cost associated with programs directly delivered by the federal Government such as food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system, to name just a few.

Public debt charges include the interest due and payable on outstanding debt, the servicing costs and the costs of issuing new securities. Public debt charges declined by 4.5 percent due to lower interest rates.

SUPPLEMENTARY STATEMENTS

Public Debt Charges

A comparative summary of public debt charges is presented in Table 4.3. The table also discloses the reconciling item between total public debt charges as reported in the Finance ministerial section (Section 10) of Volume II (Part I) and the

total net expenditure of the public debt indicated in Table 4.1. The reconciling item includes the expenditure of the consolidated specified purpose accounts.

TABLE 4.3
PUBLIC DEBT CHARGES⁽¹⁾
(in millions of dollars)

	1992-93	1991-92
Unmatured debt—		
Marketable bonds—		
Payable in Canadian currency	17,146	15,976
Payable in foreign currencies	99	179
	17,245	16,155
Canada savings bonds	2,619	3,610
Special non-marketable bonds—		
Canada Pension Plan Investment Fund	356	358
Treasury bills	10,086	12,597
Notes and loans—		
Payable in foreign currencies	(2)	1
Canada bills	18	29
Servicing costs and costs of issuing new loans	32	34
Total public debt charges related to unmatured debt	30,356	32,784
Specified purpose accounts—		
Pension liability—Superannuation accounts	8,466	7,803
Government Annuities Account	54	56
Canada Pension Plan	229	293
Deposit and trust accounts	89	102
Other	120	104
Total public debt charges related to specified purpose accounts	8,958	8,358
Consolidated specified purpose accounts—		
Unemployment Insurance Account	1	4
Western Grain Stabilization Account	1	1
Agricultural Commodities Stabilization Accounts	9	13
Other	15	17
Total public debt charges related to consolidated specified purpose accounts	26	35
Total public debt charges related to other accounts	80	89
Total public debt charges⁽³⁾	39,420	41,266
<i>Less:</i>		
Total public debt charges related to consolidated specified purpose accounts	26	35
Total net/gross public debt expenditure with outside parties	39,394	41,231

⁽¹⁾ Additional details are provided in Table 2a in Section 1 of Volume II (Part I).

⁽²⁾ Less than \$500,000.

⁽³⁾ Additional details are provided in Section 9 of Volume II (Part II).

Expenditure under Statutory Authority

The spending authority provided by statutory authority is for specified purposes and for such amounts and such time as the acts prescribe. This spending authority does not generally lapse at the end of the year in which it is granted. Expenditure under such authority accounts for more than two-thirds of the total net expenditure each year.

Table 4.4 presents a comparative summary of these statutory expenditures. The table also discloses the reconciling items between total ministerial expenditure under statutory authority and total net statutory expenditure. The reconciling items include the statutory expenditure of the consolidated specified purpose accounts and the provision for valuation. Revenue credited to appropriations from outside parties has been added to the latter to obtain the total gross statutory expenditure with outside parties.

TABLE 4.4
EXPENDITURE UNDER STATUTORY AUTHORITY
(in millions of dollars)

	1992-93	1991-92
Public debt charges	39,420	41,266
Old age security payments	14,421	13,808
Federal-provincial fiscal arrangements and public utilities	7,747	8,111
Payments for hospital insurance, medical care and extended health care services	8,307	6,688
Canada Assistance Plan payments	6,722	6,130
Guaranteed income supplement payments	4,250	4,139
Family allowance payments	2,187	2,821
Post-secondary education payments to provinces and territories	2,887	2,142
Payments to railway companies under the <i>Western Grain Transportation Act</i>	723	1,049
Spouse's allowance payments	435	446
Interest payments, liabilities under the <i>Canada Student Loans Act</i>	498	454
Grants to municipalities and other taxing authorities	426	360
Payments in connection with the <i>Farm Income Protection Act</i> — Crop Insurance Program		358
Payments in connection with the <i>Farm Income Protection Act</i> — Gross Revenue Insurance Program	679	663
Superannuation, supplementary retirement benefits, death benefits and other pensions— ⁽¹⁾		
Public Service— Government's matching contribution to the Public Service Superannuation Account	763	621
Actuarial liability		506
Government's contribution as employer to the Unemployment Insurance Account	335	286
Government's matching contribution to the Canada and the Quebec Pension Plans	195	159
Government's matching contribution to the death benefit account	7	7
Less: recoveries from revolving funds	1,300	1,579
	82	84
	1,218	1,495
Canadian Forces— Government's matching contribution to the Canadian Forces Superannuation Account	424	401
Statutory payments under the <i>Supplementary Retirement Benefits Act</i>	37	
Government's contribution as employer to the Unemployment Insurance Account	115	102
Government's matching contribution to the Canada and the Quebec Pension Plans	59	55
Government's matching contribution to the death benefit account	2	2
	637	560
Royal Canadian Mounted Police— Government's matching contribution to the Royal Canadian Mounted Police Superannuation Account	120	105
Statutory payments under the <i>Supplementary Retirement Benefits Act</i>	21	21
Government's contribution as employer to the Unemployment Insurance Account	27	23
Government's matching contribution to the Canada and the Quebec Pension Plans	14	13
	182	162
	2,086	1,918
All other statutory expenditures		
Total ministerial expenditure under statutory authority ⁽²⁾	92,825	92,570
Consolidated specified purpose accounts— Unemployment Insurance Account	19,890	18,985
Western Grain Stabilization Account	-24	-94
Crop Reinsurance Fund	21	63
Agricultural Commodity Stabilization Accounts	22	271
Other	160	-203
Total expenditure of consolidated specified purpose accounts	20,069	19,022
Provision for valuation	760	-2,130
Total net statutory expenditure with outside parties	113,654	109,462
Revenue credited to appropriations from outside parties	491	502
Total gross statutory expenditure with outside parties	114,145	109,964

⁽¹⁾ Details related to other pension accounts such as the Members of Parliament Retiring Allowances Account are not included.

⁽²⁾ Additional details are provided in Table 7 in Section 1 of Volume II (Part I).

Transfer Payments

The transfer payments information presented in Note 5 to the audited financial statements of the Government of Canada in

Section 2 of this volume are presented in more detail in the following table.

TABLE 4.5

TRANSFER PAYMENTS BY TYPE OF TRANSFER

(in thousands of dollars)

	1992-93	1991-92
Payments to persons—		
Old age security— ⁽¹⁾		
Old age security benefits	14,421,237	13,808,292
Guaranteed income supplements	4,249,851	4,139,256
Spouses' allowances	434,561	445,696
Unemployment Insurance Account payments ^{(1) (2)}	19,105,649	18,393,244
Family allowances (including youth)— ⁽¹⁾		
Family allowances	2,186,650	2,821,129
Children's special allowance	7,860	2,194,510
Veterans benefits—		
Pensions to veterans of World Wars I and II	973,532	925,969
Other	514,893	508,290
	41,912,475	41,035,313
Payments to other levels of government—		
Fiscal arrangements	7,741,080	8,150,153
<i>Canada Health Act—</i>		
Extended health care services ⁽¹⁾	1,493,356	1,412,268
Insured health services ⁽¹⁾	6,813,205	5,276,165
Canada Assistance Plan payments ⁽¹⁾	8,306,561	6,688,433
Post-secondary education adjustment payments ⁽¹⁾	6,722,138	6,130,331
Payments to territories for operating expenditures	2,887,129	2,142,071
Gross revenue insurance program	1,073,264	1,082,948
Other	679,320	662,795
	1,358,716	1,535,180
	28,768,208	26,391,911
Other transfer payments—		
Payments to enterprises—Subsidies and capital assistance—		
Payments under the <i>Western Grain Transportation Act</i>	722,720	1,049,064
Other	1,607,740	2,028,888
	2,330,460	3,077,952
Payments to or on behalf of international organizations and foreign countries—		
Purchase of goods for development assistance	531,030	602,521
Payments to United Nations and related organizations	618,474	574,942
Other	1,902,161	1,892,451
	3,051,665	3,069,914
Payments to non-profit institutions and organizations—		
Assistance to encourage employment	630,617	722,479
Miscellaneous payments—		
Payments to native peoples and associations	2,638,062	2,386,869
Grants and scholarships in aid of research	730,225	704,688
Other	5,033,941	4,319,997
	8,402,228	7,411,554
	14,414,970	14,281,899
Total transfer payments^{(2) (3)}	85,095,653	81,709,123

⁽¹⁾ An analysis by province is shown in Table 4.6 for these transfer payments.

⁽²⁾ Unemployment Insurance recoverable of \$193 million has not been included in the amount for 1991-92.

⁽³⁾ The provision for valuation has not been included in this table.

Details of Transfer Payments by Province

Table 4.6 presents an analysis by province of selected important transfer payments.

TABLE 4.6

SELECTED IMPORTANT TRANSFER PAYMENTS BY PROVINCE
(in thousands of dollars)

	Transfers to persons			Transfers to provinces, territories and municipalities			
	Old age security ⁽¹⁾	Family allowances	Unemployment insurance	Extended health care services	Post-secondary education	Canada Assistance Plan	Insured health services
Newfoundland	425,433	49,607	1,033,434	29,315	68,624	151,398	158,915
	<i>412,874</i>	<i>65,930</i>	<i>1,042,052</i>	<i>29,816</i>	<i>57,363</i>	<i>132,853</i>	<i>137,113</i>
Prince Edward Island	115,071	11,146	210,206	6,622	15,681	35,491	36,280
	<i>112,935</i>	<i>14,539</i>	<i>203,230</i>	<i>6,716</i>	<i>12,913</i>	<i>34,755</i>	<i>30,833</i>
Nova Scotia	739,643	70,887	841,475	47,704	112,314	248,611	260,031
	<i>722,795</i>	<i>92,464</i>	<i>805,876</i>	<i>46,908</i>	<i>89,783</i>	<i>217,723</i>	<i>214,595</i>
New Brunswick	597,500	58,976	867,142	38,919	91,516	227,314	211,904
	<i>581,295</i>	<i>77,299</i>	<i>851,923</i>	<i>37,528</i>	<i>71,973</i>	<i>206,936</i>	<i>172,030</i>
Quebec	5,022,029	531,568	5,795,917	372,319	538,608	1,825,703	1,315,572
	<i>4,845,774</i>	<i>684,494</i>	<i>5,596,555</i>	<i>356,993</i>	<i>312,440</i>	<i>1,546,500</i>	<i>850,166</i>
Ontario	6,603,201	792,618	5,893,948	563,110	1,119,102	2,282,903	2,633,630
	<i>6,337,281</i>	<i>1,014,962</i>	<i>5,428,322</i>	<i>522,539</i>	<i>874,996</i>	<i>2,158,841</i>	<i>2,126,304</i>
Manitoba	880,879	93,503	499,616	56,608	133,782	294,233	309,578
	<i>854,082</i>	<i>120,751</i>	<i>536,665</i>	<i>57,065</i>	<i>109,510</i>	<i>253,126</i>	<i>261,747</i>
Saskatchewan	853,702	89,670	398,145	51,145	126,393	197,050	291,354
	<i>826,849</i>	<i>116,710</i>	<i>401,539</i>	<i>51,558</i>	<i>93,623</i>	<i>177,035</i>	<i>225,265</i>
Alberta	1,372,156	228,909	1,318,797	137,686	277,478	618,960	652,210
	<i>1,304,146</i>	<i>293,785</i>	<i>1,314,891</i>	<i>131,481</i>	<i>243,730</i>	<i>623,276</i>	<i>584,389</i>
British Columbia	2,366,178	257,702	2,186,812	184,679	394,228	803,204	921,341
	<i>2,271,272</i>	<i>327,686</i>	<i>2,137,318</i>	<i>167,432</i>	<i>268,362</i>	<i>747,342</i>	<i>655,888</i>
Total provinces	18,975,792	2,184,586	19,045,492	1,488,107	2,877,726	6,684,867	6,790,815
	<i>18,269,303</i>	<i>2,808,620</i>	<i>18,318,371</i>	<i>1,408,036</i>	<i>2,134,693</i>	<i>6,098,387</i>	<i>5,258,330</i>
Northwest Territories	13,797	7,213	39,991	3,579	5,391	26,318	13,113
	<i>13,186</i>	<i>9,141</i>	<i>33,637</i>	<i>2,823</i>	<i>4,806</i>	<i>23,774</i>	<i>11,652</i>
Yukon Territory	7,187	2,711	33,872	1,670	4,012	10,953	9,277
	<i>6,855</i>	<i>3,368</i>	<i>29,522</i>	<i>1,409</i>	<i>2,572</i>	<i>8,170</i>	<i>6,183</i>
International	108,873		4,536				
	<i>103,900</i>		<i>5,151</i>				
Total ⁽²⁾	19,105,649	2,194,510	19,123,891	1,493,356	2,887,129	6,722,138	6,813,205
	<i>18,393,244</i>	<i>2,821,129</i>	<i>18,386,681</i>	<i>1,412,268</i>	<i>2,142,071</i>	<i>6,130,331</i>	<i>5,276,165</i>

Amounts in roman type are 1992-93 transfer payments.

Amounts in *italic* type are 1991-92 transfer payments.

(1) Includes guaranteed income supplements and spouses' allowances.

(2) The provision for valuation has not been included in this table.

SECTION 5

1992-93 PUBLIC ACCOUNTS

Consolidated Accounts

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CONSOLIDATED CROWN CORPORATIONS

This section provides all related information on consolidated Crown corporations. Consolidated Crown corporations are those Crown corporations who rely on Government funding as their principal source of revenue.

Consolidation involves the combination of the accounts of these corporations on a line-by-line and uniform basis of accounting and eliminating inter-organizational balances and transactions. Before these balances and transactions can be eliminated, the corporations' accounts must be adjusted to the Government basis of accounting. Most corporations follow generally accepted accounting principles (GAAP) used by private sector companies. The most significant difference between GAAP and the Government basis of accounting is that under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written-off over their respective lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition.

Summary Financial Statements of Consolidated Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations.

For those corporations having other year ends than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 5.1 and 5.2 summarize the financial transactions and results of operations as reported by the consolidated Crown corporations.

Financial assets include cash, receivables, loans and investments. Financial assets are segregated between third parties and Government and Crown corporations. The financial assets reported under Government and corporations represent receivables and loans and investments between related parties. Physical assets and deferred charges are assets such as property, plant and equipment and inventories that are accounted for under generally accepted accounting principles by most corporations which differs from those of the Government. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government and Crown corporations. Borrowings from third parties represent long-term debt payable of the corporations. Other third party liabilities are amounts due for purchases, employee benefits, various accruals, capital leases and like items. The liabilities reported under Government and Crown corporations represent payables and borrowings between related parties.

Revenues are the inflow of cash, receivables and other consideration arising in the course of ordinary activities of a corporation, normally the sale of goods, the rendering of services and the use by others of enterprise resources yielding interest, royalties and dividends. Revenue is segregated between third parties and Government and Crown corporations. Government and Crown corporations' revenue is broken down further to identify revenue arising from normal operations and financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are the outflow or reduction of assets or incurrence of liabilities resulting from a corporations' ordinary revenue generating or service delivery activities. Expenses are segregated between third parties and Government and Crown corporations. Revenues and expenses are used to determine the net income or loss of the Crown corporation. Equity transactions other than current year's net income or loss are segregated between adjustments and transactions with the Government. Adjustments include prior period adjustments and other items affecting equity as recorded by the corporations. Equity transactions with the Government include dividends declared or transfers of profits to the Government as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations' generally accepted accounting principles basis of accounting to the Government's basis of accounting.

These tables present consolidated financial information on consolidated parent Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. The "President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada" includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with Section 54 of the *Financial Administration Act*, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 5.3 summarizes such borrowings for the consolidated corporations and the changes during the year ended March 31, 1993. Contingent liabilities of consolidated corporations are presented in Table 5.4.

A summary of financial assistance under Government budgetary appropriations to consolidated Crown corporations for the year ended March 31, 1993 is provided in Table 5.5. Differences in figures reported in Table 5.2 and those reported in Table 5.5 result from the use of different accounting policies and from items in transit.

TABLE 5.1

FINANCIAL POSITION OF CONSOLIDATED CROWN CORPORATIONS — ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

Crown corporations ⁽¹⁾	Assets			
	Financial			
	Third parties	Government and Crown corporations	Physical assets and deferred charges	Total of assets
Atomic Energy of Canada Limited ⁽²⁾				
Canada Council	88,813	37,641	18,425	144,879
Canada Harbour Place Corporation ⁽³⁾	1,139		61,146	62,285
Canada Lands Company Limited				
Canada Lands Company (Vieux-Port de Québec) Inc ⁽⁴⁾	494			494
Old Port of Montreal Corporation Inc	3,912	4,063	25	8,000
Canada Museums Construction Corporation Inc ⁽⁵⁾	2,464	170		2,634
Canada Mortgage and Housing Corporation				
Minister's Account				
Canadian Broadcasting Corporation	86,816	69,891	1,426,134	1,582,841
Canadian Dairy Commission				
Dairy Support Operation Financed by the Government of Canada				
Canadian Film Development Corporation	6,726	21,693	4,583	33,002
Canadian Institute for International Peace and Security ⁽⁶⁾	69			69
Canadian Museum of Civilization	2,076	9,707	13,854	25,637
Canadian Museum of Nature	315	3,795	3,295	7,405
Canadian National (West Indies) Steamships Limited ⁽⁷⁾				
Canadian Patents and Development Limited ⁽⁸⁾				
Defence Construction (1951) Limited	2,075		503	2,578
Enterprise Cape Breton Corporation	3,498	1,646	70	5,214
Harbourfront Corporation ⁽⁹⁾	14,626	152	8,827	23,605
International Centre for Ocean Development ⁽¹⁰⁾	3,224	86	11	3,321
International Development Research Centre	11,411		6,646	18,057
Jacques Cartier and Champlain Bridges Incorporated, The	786	5,736	13,894	20,416
Marine Atlantic Inc	29,196	503	385,319	415,018
National Arts Centre Corporation	2,423	76	13,940	16,439
National Capital Commission	18,703	3,882	339,935	362,520
National Gallery of Canada	546	6,828	11,008	18,382
National Museum of Science and Technology	27	2,546	6,819	9,392
Standards Council of Canada	1,173	813	609	2,595
VIA Rail Canada Inc	15,850	123,221	720,577	859,648
Total consolidated corporations	296,362	292,449	3,035,620	3,624,431
Conversion to the Government accounting basis for consolidation purposes	1,577	1,535	3,035,620	3,038,732
Total on the Government accounting basis	294,785	290,914		585,699

⁽¹⁾ All Crown corporations listed in this table are parent Crown corporations except the following: Canada Harbour Place Corporation, Canada Lands Company (Vieux-Port de Québec) Inc., Canada Museums Construction Corporation Inc., Old Port of Montreal Corporation Inc., and The Jacques Cartier and Champlain Bridges Incorporated.

⁽²⁾ Atomic Energy of Canada Limited has been reclassified as an Enterprise Crown corporation and appears in Section 6 of this volume.

⁽³⁾ Pursuant to Bill C-8, the *Crown Corporations Dissolution or Transfer Authorization Act*, which received Royal Assent on November 26, 1991, Canada Harbour Place Corporation became a wholly-owned subsidiary of the Vancouver Port Corporation and was deleted from Schedule III-I of the *Financial Administration Act* (FAA) on March 17, 1993.

⁽⁴⁾ The Corporation is inactive.

⁽⁵⁾ Pursuant to Bill C-8, the Canada Museums Construction Corporation Inc. became a wholly-owned subsidiary of the Canada Lands Company Limited on June 18, 1992 and was deleted from Schedule III-I of the FAA on February 4, 1993.

⁽⁶⁾ Pursuant to Bill C-63, an Act to dissolve or terminate certain Crown corporations and other bodies, which received Royal Assent on February 4, 1993, the Canadian Institute for International Peace and Security was dissolved on March 26, 1993.

⁽⁷⁾ On October 29, 1985, the *Crown Corporations Dissolution Authorization Act* authorized the Minister responsible for Canadian National (West Indies) Steamships Ltd. to dissolve the Corporation. The Corporation was dissolved on June 17, 1992 and deleted from Schedule III-I of the FAA on November 1, 1992.

⁽⁸⁾ Pursuant to Bill C-8, Canadian Patents and Development Limited was dissolved on March 22, 1993.

⁽⁹⁾ Pursuant to Bill C-8, the dissolution of Harbourfront Corporation is anticipated.

⁽¹⁰⁾ Pursuant to Bill C-63, an Act to dissolve or terminate certain Crown corporations and other bodies, received Royal Assent on February 4, 1993, the International Centre for Ocean Development was dissolved and was deleted from Schedule III-I of the FAA on March 26, 1993.

Liabilities					
Third parties		Government and Crown corporations	Total liabilities	Equity of Canada	Total liabilities and equity
Borrowings	Other				
27,765		834	28,599	116,280	144,879
299			299	61,986	62,285
2		289	291	203	494
7,890		110	8,000		8,000
2,963			2,963	-329	2,634
772,706		35,814	808,520	774,321	1,582,841
10,140		123	10,263	22,739	33,002
47			47	22	69
10,985		240	11,225	14,412	25,637
5,630		508	6,138	1,267	7,405
3,871		479	4,350	-1,772	2,578
2,659		30	2,689	2,525	5,214
6,413		25,732	32,145	-8,540	23,605
1,286		411	1,697	1,624	3,321
17,868		125	17,993	64	18,057
3,648		94	3,742	16,674	20,416
414,288		1,108	415,396	-378	415,018
4,724		508	5,232	11,207	16,439
30,395		1,974	32,369	330,151	362,520
7,845		1,125	8,970	9,412	18,382
3,699		268	3,967	5,425	9,392
1,340		27	1,367	1,228	2,595
145,934		44,191	190,125	669,523	859,648
1,482,397		113,990	1,596,387	2,028,044	3,624,431
824,081		14,515	838,596	2,200,136	3,038,732
658,316		99,475	757,791	-172,092	585,699

TABLE 5.2

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CONSOLIDATED CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

Crown corporations	Revenues			
	Third parties	Government and Crown corporations		
		Financial assistance	Other	Total
Atomic Energy of Canada Limited				
Canada Council	5,708	108,038	4,903	118,649
Canada Harbour Place Corporation	5,616		216	5,832
Canada Lands Company Limited				
Canada Lands Company (Vieux-Port de Québec) Inc				
Old Port of Montréal Corporation Inc	5,328	22,837		28,165
Canada Museums Construction Corporation Inc	201			201
Canada Mortgage and Housing Corporation				
Minister's Account		1,979,488		1,979,488
Canadian Broadcasting Corporation	366,875	959,062	4,926	1,330,863
Canadian Dairy Commission				
Dairy Support Operation Financed by the Government of Canada		227,548		227,548
Canadian Film Development Corporation	19,819	137,020		156,839
Canadian Institute for International Peace and Security		27	2,000	2,027
Canadian Museum of Civilization		7,252	39,220	46,472
Canadian Museum of Nature		1,498	19,503	21,001
Canadian National (West Indies) Steamships Limited				
Canadian Patents and Development Limited		3		3
Defense Construction (1951) Limited	1,234	14,795		16,029
Enterprise Cape Breton Corporation	1,124		24	1,148
Harbourfront Corporation	4,362		4	4,366
International Centre for Ocean Development	396	11,934	3,010	15,340
International Development Research Centre	3,695	117,074	5,389	126,158
Jacques Cartier and Champlain Bridges Incorporated, The	527	31,135	147	31,809
Marine Atlantic Inc	75,834	115,488	1,302	192,624
National Arts Centre Corporation	16,530		846	17,376
National Capital Commission	19,142	89,737	4,855	113,734
National Gallery of Canada	2,841	29,289		32,130
National Museum of Science and Technology	1,614	16,088	30	17,732
Standards Council of Canada	3,096	5,843	439	9,378
VIA Rail Canada Inc	152,465	322,305	5,959	480,729
Total	695,187	4,248,404	32,050	4,975,641
Conversion to the Government accounting basis for consolidation purposes	23,136	217,344	-8,857	231,623
Total on the Government accounting basis	718,323	4,465,748	23,193	5,207,264

Notes to Table 5.1 are an integral part of this table.

Third parties	Expenses		Net income/loss(-)	Equity beginning of year	Adjustments	Equity transactions with Government		Equity end of year
	Government and Crown corporations	Total				Dividends	Capital	
119,182		119,182	-533	78,036	-78,036			
7,301	216	7,517	-1,685	109,283		7,530		116,280
				63,671				61,986
				203				203
28,165		28,165						
817		817	-616	287				-329
1,823,900	155,588	1,979,488						
1,407,251	26	1,407,277	-76,414	700,051		150,684		774,321
227,548		227,548						
152,078	1,307	153,385	3,454	19,285				22,739
1,799		1,799	228	429				22
44,244	1,255	45,499	973	13,439				14,412
1,368	18,821	20,189	812	455				1,267
87		87	-84	335	-251			
15,799		15,799	230	-2,002				-1,772
13,464	50	13,514	-12,366	4,727		114	10,050	2,525
5,065	1,849	6,914	-2,548	5,908			-11,900	-8,540
11,610		11,610	3,730	-2,106				1,624
124,218		124,218	1,940	-1,876				64
32,090	850	32,940	-1,131	17,497			308	16,674
183,987	783	184,770	7,854	-1,149				-378
36,390	1,777	38,167	-20,791	1,795	-7,083	8,063	22,140	11,207
111,694	8,238	119,932	-6,198	336,349				330,151
29,695	2,910	32,605	-475	9,887				9,412
16,507	1,305	17,812	-80	5,505				5,425
8,870		9,207	171	1,057				1,228
451,605	69,083	520,688	-39,959	667,058		42,424		669,523
4,854,647	264,482	5,119,129	-143,488	2,028,124	-77,942	114	221,236	2,028,044
26,571	-141	26,430	205,173	-2,261,901	77,942	-114	-221,236	-2,200,136
4,881,218	264,341	5,145,559	61,685	-233,777				-172,092

Borrowings by Consolidated Agent Crown Corporations

Table 5.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy Section 49 of the *Financial Administration Act* (FAA) which requires that an annual statement be included in the Public Accounts. The borrowings are from

lenders other than the Government. In accordance with Section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary financial statements of Canada.

TABLE 5.3

BORROWINGS BY CONSOLIDATED AGENT CROWN CORPORATIONS (in thousands of dollars)

	Balance April 1/1992	Borrowings and other credits	Payments and other charges	Balance March 31/1993
Atomic Energy of Canada Limited ⁽¹⁾	15,690			15,690
National Arts Centre Corporation	180	925		1,105
Total	15,870	925		16,795

Notes to Table 5.1 are an integral part of this table.

⁽¹⁾ Atomic Energy of Canada Limited has been reclassified as an Enterprise Crown corporation and appears in Section 6 of this volume.

Contingent Liabilities of Consolidated Crown Corporations

Table 5.4 summarizes the contingent liabilities of the consolidated Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 5.4

CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS (in thousands of dollars)

	March 31, 1993
Agent Crown corporations	
Canada Lands Company (Vieux-Port de Québec) Inc.—Miscellaneous litigation	1,200
Canada Museums Construction Corporation Inc.—Contract disputes	8,900
Enterprise Cape Breton Corporation—Loan guarantee	14,910
Defence Construction (1951) Limited—Contract disputes	4,559
Jacques Cartier and Champlain Bridges Incorporated, The—Contract disputes	8,000
National Capital Commission—Miscellaneous litigation and agreements	41,339
Old Port of Montréal Corporation Inc.—Contract dispute	2,000
	80,908
Non-agent Crown corporation	
Marine Atlantic Inc.—Miscellaneous claims	1,520
	1,520
Total	82,428

Notes to Table 5.1 are an integral part of this table.

Financial Assistance Under Budgetary Appropriations to Consolidated Crown Corporations

Table 5.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 5.2. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 5.5

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CONSOLIDATED CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1993 (in thousands of dollars)

	Financial assistance under budgetary appropriations ⁽¹⁾	Purpose	
		Operations	Capital expenditures
<u>Agent Crown corporations</u>			
Canada Lands Company Limited			
Old Port of Montreal Corporation Inc	23,543	23,543	
Canada Mortgage and Housing Corporation ⁽²⁾	1,979,488	1,979,488	
Canadian Broadcasting Corporation	1,109,746	959,062	150,684
Canadian Dairy Commission	202,000	202,000	
Canadian Film Development Corporation	137,020	137,020	
Canadian Museum of Civilization	39,220	39,220	
Canadian Museum of Nature	18,573	18,573	
Defence Construction (1951) Limited	15,114	15,114	
Enterprise Cape Breton Corporation	10,050	10,050	
National Capital Commission	89,872	79,912	9,960
National Gallery of Canada	28,883	3,000	25,883
National Museum of Science and Technology	16,088	16,088	
	3,669,597	3,483,070	186,527
<u>Non-agent Crown corporations</u>			
Canada Council	108,038	108,038	
Canadian Institute for International Peace and Security	2,000	2,000	
International Centre for Ocean Development	11,934	11,934	
International Development Research Centre	117,074	117,074	
Jacques Cartier and Champlain Bridges Incorporated, The	31,529	31,529	
Marine Atlantic Inc	131,277	131,277	
National Arts Centre Corporation	22,140	22,140	
Standards Council of Canada	5,843	5,843	
VIA Rail Canada Inc	366,316	366,316	
	796,151	796,151	
Total	4,465,748	4,279,221	186,527

⁽¹⁾Excludes grants and contributions paid to agent and non-agent Crown corporations where they qualify as members of a general class of recipients.

⁽²⁾Includes budgetary appropriations for Government programs known as the "Minister's account".

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are special categories of budgetary revenue and expenditure which report transactions of certain accounts where enabling legislation requires that revenues be earmarked, and that related payments and expenditures be charged against such revenues. They are used principally where the activities are similar in nature to departmental activities and the transactions do not represent liabilities to third parties but in essence constitute Government revenue and expenditure.

In the past, earmarked revenues were credited to non-budgetary accounts, with related offsetting payments and expenditures charged thereto. The transactions of these ac-

counts are now reported with budgetary revenue and expenditure, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 5.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation.

The financial statements of the Unemployment Insurance Account, together with the Auditor General's report thereon, are presented at the end of this section.

TABLE 5.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

	Receipts and other credits		Payments and other charges			March 31/1993	
	April 1/1992	From outside parties	Internal to the Government	With	Internal to the Government		
				outside parties			
	\$	\$	\$	\$	\$	\$	
Unemployment Insurance Account, Table 5.7 . . .	-607,441,804	17,534,920,406	3,081,622,468	20,369,428,777	297,332,438	-657,660,145	
Less: interest-bearing loans	3,023,000,000		2,605,000,000		270,000,000	5,358,000,000	
	-3,630,441,804	17,534,920,406	476,622,468	20,369,428,777	27,332,438	-6,015,660,145	
Canadian Ownership Account	1,908,551,757		231,903			1,908,783,660	
Add: investments made through the Canadian Ownership Account	1,656,854,321					1,656,854,321	
Canadian Ownership special charge collected	3,565,406,078		231,903			3,565,637,981	
Western Grain Stabilization Account	20,687,942		-1,623 ⁽¹⁾	50,219,942	-22,830,558 ⁽¹⁾	81,498,084	
Less: interest-bearing loans	1,063,000,000			49,000,000		1,112,000,000	
	-1,042,312,058		-1,623	1,219,942	-22,830,558	81,498,084	
Crop Reinsurance Fund	104,641,856		72,298,260		21,326,303	104,343,249	
Less: interest-bearing loans	547,500,000					-104,343,249	
	-442,858,144		72,298,260		21,326,303	443,156,751	
Agricultural Commodities Stabilization Accounts	26,232,146		157,697,520	104,956,568	115,370,223	20,023,078	
Less: interest-bearing loans	166,188,241			11,850,073		153,492,933	
	-139,956,095		157,697,520	93,106,495	115,370,223	20,023,078	
					2,610,322	178,038,314	
Environmental Studies Research Funds	1,919,947		1,819,848			-24,545,381	
Insurance Accounts—						1,129,473	
Fishing Vessel Insurance Plan	25,235,517		6,677,631		6,361,894	25,551,254	
Nuclear Liability Reinsurance Account	537,021		1,500			538,521	
Investors' Indemnity Account	72,061				8,233	63,828	
Land Assurance Fund	1,676,856		151,380		76	1,828,160	
Health Insurance Supplementary Account	28,387					28,387	
Ship-Source Oil Pollution Fund	196,529,809			14,474,230	1,094,269	209,909,770	
	224,079,651		6,830,511	14,474,230	7,464,472	237,919,920	
Other Specified Purpose Accounts—							
Marconi Celebration Trust Fund	33,445				24,304	9,141	
Claudia de Hueck Bequest Account	346,801		19,533		18,838	347,496	
Natural Sciences and Engineering Research Council—Donation Trust Fund	12,600		395,323		406,823	1,100	
Sioux Lookout Zone Hospital	-331		1,054		723		
National Battlefields Commission Trust Fund	209,177		6,205	11,275	44,313	182,344	
Medical Research Council—Donations for research	706,624		479,297	24,862	869,913	340,870	

TABLE 5.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	April 1/1992	Receipts and other credits		Payments and other charges		March 31/1993
		From outside parties	Internal to the Government	With outside parties	Internal to the Government	
National Library—Special Operating Account	43,699	23,447		20,631		46,515
National Round Table on the Environment and Economy	80,010	94,624		174,634		
National Archives of Canada Account	135,957	39		39,500		96,496
Canadian Centre for Occupational Health and Safety—Donations	41,795	34,000				75,795
Alexander Graham Bell National Historic Site	53,990			20,000		33,990
	1,663,767	1,053,522	36,137	1,619,679		1,133,747
Total	-1,462,498,658	17,774,850,347	585,459,272	20,494,989,218	128,853,600	-3,726,031,857

⁽¹⁾ These negative amounts represent refund of premiums and recovery of payments from outside parties.

⁽²⁾ An adjustment of \$163 million, representing net change in revenue as a result of 1992 and 1993 accounts receivable (revenue credited to the vote), is not included in this total.

Unemployment Insurance Account

The *Unemployment Insurance Act* provides for a compulsory contributory unemployment insurance program applicable to all employees, with few exceptions.

The Act authorizes that an account be established in the accounts of Canada to be known as the Unemployment Insurance Account.

The Act provides that the following be credited to the Account: (a) premiums, penalties and interest; (b) refunds of overpayments of benefits and, since November 18, 1990, of special assistance payments, and benefit repayments; (c) amounts for services rendered to other Government departments or agencies, or to the public; (d) amounts provided for any other purpose related to unemployment insurance and authorized by an appropriation administered by the Canada Employment and Immigration Commission; and, (e) interest on the balance of the Account at such rates as the Minister of Finance may authorize.

The Act also provides that the following be charged to the Account: (a) benefits and, since November 18, 1990, special assistance payments paid under the Act; (b) costs of administering the Act; and (c) interest on advances made by the Minister of Finance.

Maximum weekly employee premiums were \$21.30 from April 1, 1992 to December 31, 1992 and \$22.35 from January 1, 1993 to March 31, 1993. Maximum weekly benefits were \$426 from April 1, 1992 to December 31, 1992 and \$447 from January 1, 1993 to March 31, 1993.

Transactions with outside parties are reported in the Statement of Revenue and Expenditure as follows: receipts and other credits of \$17,535 million (\$15,394 million in 1992) are reported as revenue, while payments and other charges of \$20,369 million (\$19,594 million in 1992) are reported as expenditure.

Receipts and other credits of \$3,082 million (\$3,439 million in 1992), and payments and other charges of \$297 million (\$22 million in 1992), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

TABLE 5.7

TRANSACTIONS IN THE UNEMPLOYMENT INSURANCE ACCOUNT
(in millions of dollars)

	1992-93	1991-92
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employers and employees	17,970	15,772
Penalties	41	33
Interest earned	1	5
	18,012	15,810
PAYMENTS AND OTHER CHARGES—		
Benefits	19,128	18,386
Administration costs	1,242	1,207
Interest expense	27	23
	20,397	19,616
Net decrease(-)	-2,385	-3,806
Add—Advances	2,335	3,023
Add—Balance at beginning of year	-607	176
Balance at end of year	-657	-607

Canadian Ownership Account

This account was established under the authority of Energy, Mines and Resources Vote 5c, *Appropriation Act No 4, 1980-81*. The account was credited with amounts received from the Canadian Ownership special charge levied to increase public ownership of the oil and gas industry in Canada.

The special charge was cancelled due to deregulation on June 1, 1985. Therefore, any transactions since then are as a result of adjustments due to audits.

Receipts and other credits from outside parties of \$0.2 million (\$0.2 million in 1992) are reported as revenue in the Statement of Revenue and Expenditure.

Western Grain Stabilization Account

The purpose of the *Western Grain Stabilization Act* is to protect prairie grain producers from unexpected and large income declines, through the stabilization of returns on the production and sale of wheat, oats, barley, rye, domestic mustard seed, canola, flax seed, triticale, mixed grain, sunflower seed, safflower seed, buckwheat, peas, lentils, fababeans and canary seed as well as any other prescribed seed that is produced in the designated area and is a grain for which a grade has been established and designated as "Canada Western" by regulation under the *Canada Grain Act*.

This account records funds for this purpose which are received from:

- (a) levies paid by participating producers—a levy rate ranging from 2 percent to 4 percent applied to a participant's grain sales proceeds not exceeding \$60,000 per year;
- (b) Government contributions equal to levies paid by producers plus an additional 2 percent of the participating eligible grain sales proceeds of all participants on which levy has been paid by participants;
- (c) interest on the amount standing to the credit of the Account at rates and in accordance with terms and conditions determined by the Minister of Finance; and,
- (d) pursuant to Section 45 of the *Western Grain Stabilization Act* advances can be made from the Consolidated Revenue Fund when the balance in the Account is not sufficient for the payment of stabilization payments and other amounts required to be charged to the Account pursuant to Section 44 of the *Western Grain Stabilization Act*.

The outstanding advance in the Account, renegotiated in the amount of \$1,112 million on December 2, 1992, will be due and payable in one year, along with interest of 7.9004 percent. Treatment of the Account's deficit upon termination of the Western Grain Stabilization Account is subject to the provision of subsection 24(3) of the *Farm Income Protection Act*: "The Governor in Council may, by order, fix the day on which the Western Grain Stabilization Account continued pursuant to subsection (1) shall be closed." The *Western Grain Stabilization Act* has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Receipts and other credits from outside parties of \$ -1,623 (\$63 million in 1992) are reported this year, while payments and other charges to outside parties of \$-23 million are recovered (\$0.9 million in 1992, was reported as expenditure) and presented in the Statement of Revenue and Expenditure.

Receipts and other credits of \$1 million (\$95 million in 1992), and payments and other charges of \$32 million (\$138 million in 1992), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Crop Reinsurance Fund

This Fund, is continued in the accounts of Canada pursuant to Section 13(1) of the *Farm Income Protection Act*, which provides insurance to participating provinces for costs they incur in operating various crop insurance schemes. The *Crop Insurance Act*, under which the Crop Reinsurance Fund operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

The revenue of the Fund comes from moneys paid by the provinces for the purpose of reinsurance and the expenditure of the Fund are moneys paid to the provinces under the terms of reinsurance agreements.

Receipts and other credits from outside parties of \$72 million (\$116 million in 1992) are reported as revenue, while payments and other charges to outside parties of \$21 million (\$63 million in 1992), are reported as expenditure in the Statement of Revenue and Expenditure.

Receipts and other credits of nil in 1993 (\$52 million in 1992), and payments and other charges of \$ 104 million (nil in 1992), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts is to reduce income loss to producers from market risks through stabilizing prices. Premiums are shared equally by the Government of Canada, the governments of participating provinces and participating producers. These premiums should equal the total paid over time. There are several active accounts as follows:

- (a) hogs;
- (b) feeder cattle and slaughter cattle;
- (c) feeder calves;
- (d) lambs;
- (e) apples;
- (f) white pea beans;
- (g) kidney/cranberry and other coloured beans;
- (h) sugar beets;
- (i) honey; and,
- (j) onions.

These accounts are continued in the accounts of Canada, pursuant to Section 16(2) of the *Farm Income Protection Act*. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Receipts and other credits from outside parties of \$158 million (\$168 million in 1992) are reported as revenue, while payments and other charges to outside parties of \$115 million (\$367 million in 1992) are reported as expenditure in the Statement of Revenue and Expenditure.

Receipts and other credits of \$105 million (\$100 million in 1992), and payments and other charges of \$20 million (\$6 million in 1992), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Environmental Studies Research Funds

These accounts were established in Energy Mines and Resources and Indian Affairs and Northern Development pursuant to Section 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Funds is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Receipts and other credits from outside parties of \$2 million (\$1.4 million in 1992) are reported as revenue, while payments and other charges to outside parties of \$3 million (\$0.9 million in 1992) are reported as expenditure in the Statement of Revenue and Expenditure.

Insurance Accounts

For the following insurance accounts, receipts and other credits from outside parties of \$7 million (\$7 million in 1992) are reported as revenue, while payments and other charges to outside parties of \$7 million (\$8 million in 1992) are reported as expenditure in the Statement of Revenue and Expenditure.

Receipts and other credits of \$14 million (\$16 million in 1992), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Fishing Vessel Insurance Plan

The Fishing Vessel Insurance Plan is administered in accordance with Vote 540, *Appropriation Act No. 5, 1955*, extended by Vote 527, *Appropriation Act No. 6, 1956* and Vote L38b, *Appropriation Act No. 1, 1970*, to insure fishermen against abnormal capital losses. The account is credited with premiums and recoveries, and with advances in accordance with the regulations, such advances not to exceed at any time \$150,000. The account is charged with indemnities, refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen where the collision involves a vessel insured under the Fishing Vessel Insurance Plan. Administration costs are paid from Fisheries and Oceans Vote 1.

Nuclear Liability Reinsurance Account

This account was established pursuant to Sections 16 and 17 of the *Nuclear Liability Act*, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

Investors' Indemnity Account

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of \$25,000, such further amounts as are appropriated by Parliament for the purpose of this Section, and any recovery of losses referred to in Section 58 of the Act. This sum was increased to \$50,000 by Treasury Board Submission No 817667 dated December 12, 1991.

Section 58 states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Land Assurance Fund

This account was established pursuant to Sections 160 to 164 of the *Land Titles Act*, to indemnify title holders who suffer loss through misdescriptions in titles, and from other causes specified in the *Land Titles Act*. Fees are collected from the parties who register deeds with the Registrar of Land Titles in the Northwest Territories and the Yukon Territory. Interest is added to the fund annually, the present rate being 3 percent per annum.

Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

Ship-Source Oil Pollution Fund

This account was established pursuant to Section 775 of the amended *Canada Shipping Act* to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the fund.

During the year, interest was credited to the account and charged to interest on public debt.

Other Specified Purpose Accounts

For the following Other Specified Purpose Accounts, receipts and other credits from outside parties of \$1 million (\$0.9 million in 1992) are reported as revenue, while payments and other charges to outside parties of \$2 million (\$1 million in 1992) are reported as expenditure in the Statement of Revenue and Expenditure.

Receipts and other credits of \$0.04 million (\$0.1 million in 1992), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Marconi Celebration Trust Fund

This account was established pursuant to Section 21 of the *Financial Administration Act*, for the purpose of raising moneys through public subscriptions and others to construct, operate and maintain a National Historic Site in Glace Bay, Nova Scotia to commemorate the efforts and accomplishments of Guglielmo Marconi in the field of wireless communications.

Claudia de Hueck Bequest Account

This account was established pursuant to Section 21 of the *Financial Administration Act* and Section 15 of the *Science Council of Canada Act*, to record a bequest made by Mrs. Claudia de Hueck to be used to promote the study of humanities and for general educational purposes.

During the year, interest was credited to the account and charged to interest on public debt.

Natural Sciences and Engineering Research Council—Donation Trust Fund

This account was established by Section 27 of the *Government Organization (Scientific Activities) Act, 1976* to record monies, securities or other property received by way of gift, bequest or otherwise as approved by the Natural Sciences and Engineering Research Council. The account is charged with payments and with the disposal of such monies, securities or other property, subject to the terms upon which such monies are given, bequeathed or otherwise made available to the Council, and subject to the approval of the Council.

Sioux Lookout Zone Hospital

This account was established under the authority of Section 21 of the *Financial Administration Act* to record transactions relating to a donation made by the Hospital for Sick Children Foundation to be used to finance a paediatric play program volunteer service at Sioux Lookout Zone Hospital.

National Battlefields Commission Trust Fund

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The moneys are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its Act of incorporation. Following the land acquisitions of the Commission, an amount of money remained in the account and

increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

During the year, interest was credited to the account and charged to interest on public debt.

Medical Research Council — Donations for Research

This account was established under Section 5(3) of the *Medical Research Council Act* to record donations and contributions received from organizations and individuals for biomedical research.

National Library—Special Operating Account

This account was established pursuant to Section 14 of the *National Library Act*, which also directed that (a) the account be credited with all money received for the purpose of the National Library by way of donation, bequest or otherwise and (b) any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

National Round Table on the Environment and Economy

This account was established pursuant to Section 21 of the *Financial Administration Act*, to record gifts and donations received from third parties, and expenses to finance various studies related to the principles of sustainable development in Canada and internationally.

National Archives of Canada Account

This account was established pursuant to Section 10 of the *National Archives Act*, to record monies received for the purposes of the National Archives, by way of donations, bequest or otherwise. Amounts received for the purposes of the *National Archives Act* may be paid out of this account, or out of money appropriated by Parliament for such purposes.

Canadian Centre for Occupational Health and Safety—Donations

This account was established pursuant to Section 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record moneys, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

Alexander Graham Bell National Historic Site

This account was established pursuant to Section 21 of the *Financial Administration Act*, to accept donations from various companies of the Canadian telecommunications industry for the redevelopment of the Alexander Graham Bell National Historic Site. These donations will be used for the construction of facilities for disabled visitors in addition to improving the reception, orientation and special events services.

SUPPLEMENTARY STATEMENT

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The following financial statements have been prepared by Management of the Canada Employment and Immigration Commission in accordance with the accounting policies set out in Note 2 to the financial statements. The integrity and objectivity of the data and the estimates of importance in these financial statements are Management's responsibility. Management is also responsible for all other information in the annual report of the Canada Employment and Immigration Commission and the Department of Employment and Immigration, and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements of the Unemployment Insurance Account.

In support of its responsibility, Management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, and to ensure that transactions are in accordance with the *Unemployment Insurance Act* and Regulations, as well as the *Financial Administration Act* and Regulations.

The Unemployment Insurance Account external auditor, the Auditor General of Canada, examines the operations and financial statements and reports to the Minister of Employment and Immigration.

Nick Mulder
Chairperson

L.M. Talbot-Allan
Executive Director
Finance and Administration

May 31, 1993

AUDITOR'S REPORT

TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have audited the balance sheet of the Employment and Immigration Commission relating to the Unemployment Insurance Account as at December 31, 1992 and the statement of operations and deficit for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission relating to the Unemployment Insurance Account as at December 31, 1992 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 31, 1993

**Canada Employment and Immigration Commission
relating to the Unemployment Insurance
Account—Continued**

BALANCE SHEET AS AT DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991	LIABILITIES AND DEFICIT	1992	1991
Balance of the account with Receiver General for Canada	172,059		Balance of the account with Receiver General for Canada		30,758
Premiums receivable	497,911	431,087	Unredeemed warrants	298,332	169,061
Due from claimants (Note 3)	324,082	216,771	Tax deductions from warrants	53,052	17,422
			Due to Canada	128,361	202,338
			Accrued benefits payable	948,060	963,983
			Advances from Canada (Note 4)	4,241,963	1,308,916
				5,669,768	2,692,478
			Deficit	-4,675,716	-2,044,620
					994,052
					647,858

The accompanying notes and schedule are an integral part of these financial statements.

Approved by the Commission:

NICK MULDER
Chairperson

L.M. TALBOT-ALLAN
Executive Director
Finance and Administration

**STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1992**
(in thousands of dollars)

	1992	1991
Revenue		
Premiums (Note 5)	17,884,911	14,760,087
Penalties	95,940	62,441
Interest on the balance of the account with Receiver General for Canada	435	48,690
	17,981,286	14,871,218
Expenses		
Benefits (Note 6 and Schedule of benefits)	19,101,532	17,690,506
Administration (Note 7)	1,227,245	1,227,571
Interest on advances from Canada	255,378	53,208
Doubtful debts	28,227	105,274
	20,612,382	19,076,559
Deficit for the year	-2,631,096	-4,205,341
Surplus (deficit) at beginning of the year	-2,044,620	2,160,721
Deficit at the end of the year	-4,675,716	-2,044,620

The accompanying notes and schedule are an integral part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992**

1. Authority and objectives

The Canada Employment and Immigration Commission, a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Unemployment Insurance Act* (the Act). The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Unemployment Insurance Account.

In the accounts of Canada, the Unemployment Insurance Account was established by Section 112 of the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. Benefits and the cost of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account.

Under Part III of the Act, the Minister of National Revenue is responsible for collecting premiums from employers and employees.

The Minister of National Revenue is also responsible, under Part VII of the Act, to administer and enforce the provisions of the Act relating to benefit repayments.

**Canada Employment and Immigration Commission
relating to the Unemployment Insurance
Account—Continued**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—Continued**

2. Accounting policies

a) Basis of accounting

Revenues and expenses are recorded on the accrual basis of accounting.

b) Premiums

The premiums are based on an estimate of the amount to be collected that relate to the year and include adjustments between actual and estimated premiums of previous years.

c) Benefits

Benefits represent the benefits to be paid to the claimant for the unemployment period that falls during the year, less benefit overpayments established by the Commission during the year and benefit repayments estimated to be receivable under Section 123 of the Act.

d) Administration

The costs of administration of the Act are determined by the Unemployment Insurance Regulations and are charged to the Account by the Commission.

3. Due from claimants

	1992	1991
	(in thousands of dollars)	
Benefit overpayments and penalties	380,672	280,190
Less: allowance for doubtful debts	100,404	109,260
	<hr/> 280,268	<hr/> 170,930
Estimated benefit repayments under Section 123 of the Act	43,814	45,841
	<hr/> 324,082	<hr/> 216,771

Uncollectable benefit overpayments and penalties written-off during the year under authority of Section 60 of the Regulations amounted to \$36 million (\$68 million in 1991).

4. Advances from Canada

Advances from Canada are made under Section 119 of the Act and the Unemployment Insurance Account Advance Regulations, by means of promissory notes which bear annual interest compounded semi-annually at rates varying from 7.15% to 9.60%. The balance as at December 31 consists of:

	1992	1991
(in thousands of dollars)		
Principal repayable in:		
1993	1,008,000	1,278,000
1994	2,975,000	
	<hr/> 3,983,000	1,278,000
Accrued interest	258,963	30,916
	<hr/> 4,241,963	<hr/> 1,308,916

5. Premiums

In 1992, the premium rate for employees was \$3.00 per \$100 of insurable earnings, compared to \$2.25 per \$100 (January to June 1991) and \$2.80 per \$100 (July to December 1991). The premium rate for employers, calculated at 1.4 times the employee rate, was \$4.20 per \$100 of an employee's insurable earnings (\$3.15 per \$100 for January to June 1991 and \$3.92 per \$100 for July to December 1991).

Employers with qualified wage loss insurance plans are entitled to premium reductions. Employers are required to share this reduction with their employees. In 1992, the total amount of premium reductions is estimated at \$524 million (\$488 million in 1991).

6. Benefits—Overpayments and underpayments

The large number of claimants to be monitored, and the requirement for prompt service requires selective rather than universal application of internal control procedures and therefore the verification of claims is mainly done after claimants have begun to receive benefits.

As a result, overpayments and underpayments of benefits exist which the Commission estimated respectively at \$466 million and \$147 million (\$629 million and \$212 million in 1991).

**Canada Employment and Immigration Commission
relating to the Unemployment Insurance
Account—Concluded**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—Concluded**

7. Administration costs

**ADMINISTRATION COSTS BY ACTIVITY
(in thousands of dollars)**

	1992	1991
Administration costs by activity		
Unemployment Insurance operations	513,326	506,314
Employment	269,172	266,605
Corporate management and administration	268,222	271,874
CEC management and joint services	151,098	153,162
Systems and procedures	31,372	38,021
Advisory Council	204	910
	1,233,394	1,236,886
Less: recovery of costs for maintaining the social insurance number registry and issuing replacement cards	6,149	9,315
	1,227,245	1,227,571

Administration costs—Related party transactions

The administration costs include \$100.6 million (\$94.7 million in 1991) paid to Public Works Canada for accommodation and rental costs, and \$46.1 million (\$45.3 million in 1991) to Revenue Canada for collecting premiums from employers and employees.

In addition to those related party transactions disclosed elsewhere in these financial statements, the Account is related in terms of a component of the Government of Canada reporting entity to all departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of business.

8. Subsequent events

The terms and conditions of Bill C-113, which modified the *Unemployment Insurance Act*, came into effect April 4, 1993. Bill C-113 implements spending reduction measures which affect the eligibility criteria and the benefit rate of pay for UI beneficiaries.

9. Financial statement presentation

For comparative purposes, some 1991 accounts have been reclassified to conform with the 1992 presentation.

**SCHEDULE OF BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)**

	1992	1991
Benefits		
Regular	15,268,549	14,731,636
Maternity	829,657	783,071
Parental	491,596	382,212
Sickness	410,050	399,943
Fishing	290,815	290,913
Adoption	5,066	7,424
Retirement	30	
	17,295,763	16,595,199
Developmental Uses		
Programs		
Work sharing	112,721	159,232
Job creation	112,021	115,541
Training—Income support	977,970	523,214
Training—Course and program costs	520,113	293,110
Training—Supplementary allowances	93,642	42,416
Self-employment assistance—Income support	16,044	
Self-employment assistance—Project costs	4,597	
	1,837,108	1,133,513
Gross benefits	19,132,871	17,728,712
Less: benefit repayments	31,339	38,206
	19,101,532	17,690,506

SECTION 6

1992-93 PUBLIC ACCOUNTS

Loans, Investments and Advances

CONTENTS

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LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada, acquired through the use of parliamentary appropriations. Some of these appropriations permit repayments to be used for further loans and advances. Many appropriations are non-lapsing, that is, unexpended balances may be carried forward from year to year. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II (Part I).

Loans, investments and advances are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Loans, investments and advances resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenue, while net losses are charged to budgetary expenditure of the Department of Finance.

The allowance established to reflect reductions from the recorded value to the estimated realizable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under section 63(2) of the *Financial Administration Act*.

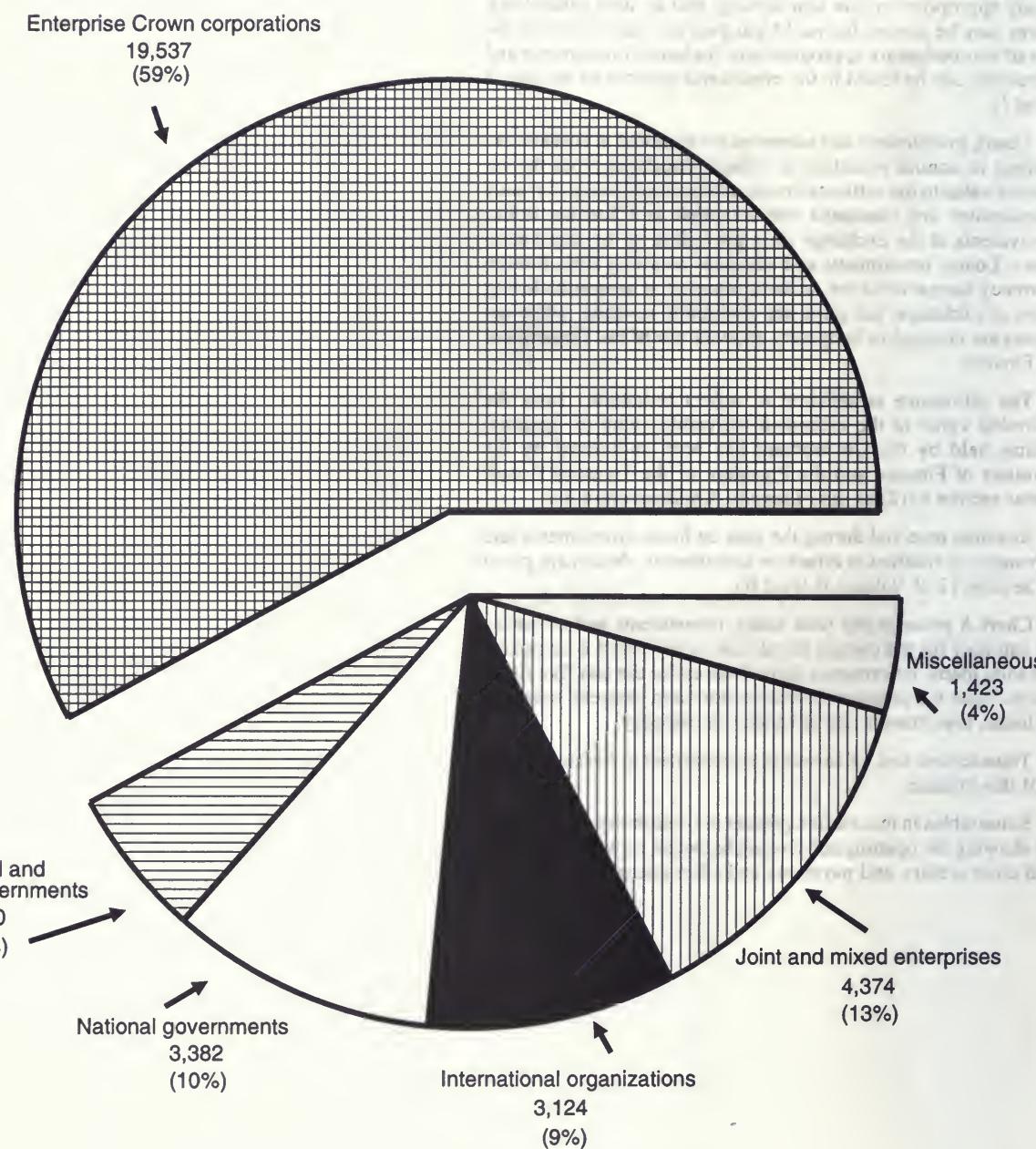
Revenue received during the year on loans, investments and advances, is credited to return on investments; details are given in Section 12 of Volume II (Part II).

Chart A presents the total loans, investments and advances by category for the current fiscal year, while Chart B compares the total loans, investments and advances for the last five fiscal years. Table 6.1 presents the transactions and year-end balances of loans, investments and advances by category.

Transactions and balances are summarized in Sections 1 and 2 of this volume.

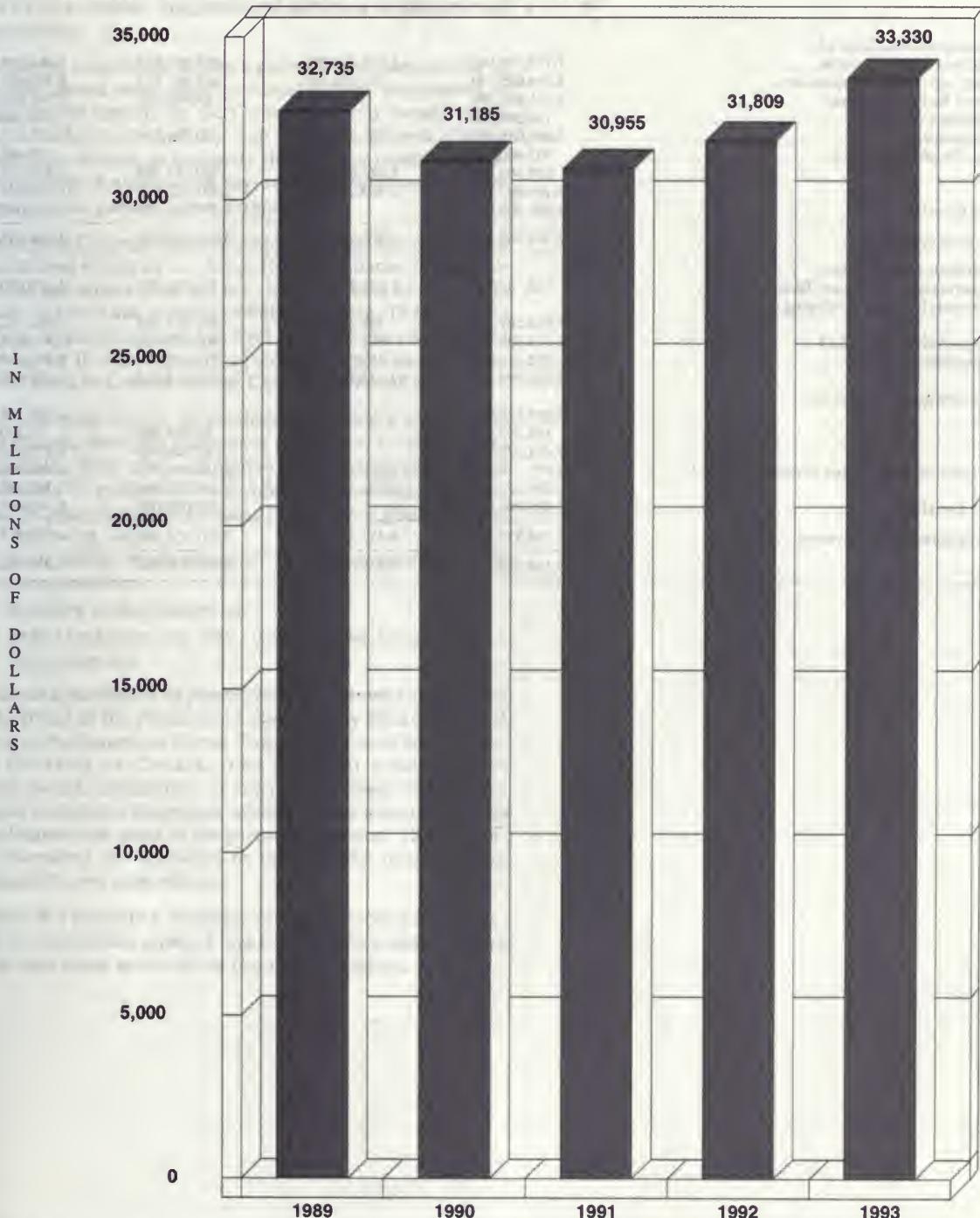
Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

CHART A
LOANS, INVESTMENTS AND ADVANCES⁽¹⁾
 (in millions of dollars)



⁽¹⁾ Before the allowance for valuation

CHART B
LOANS, INVESTMENTS AND ADVANCES⁽¹⁾



⁽¹⁾ Before the allowance for valuation

TABLE 6.1

LOANS, INVESTMENTS AND ADVANCES

	April 1/1992	Payments and	Receipts and	March 31/1993
		other charges	other credits	
	\$	\$	\$	\$
Enterprise Crown corporations, Table 6.2—				
Canada Deposit Insurance Corporation	1,785,000,000	2,155,004,696	855,005,078	3,084,999,618
Canada Mortgage and Housing Corporation	8,444,055,744	195,508,896	434,067,821	8,205,496,819
Canadian National Railway Company	2,411,847,596		15,963,745	2,395,883,851
Export Development Corporation	788,200,000			788,200,000
Farm Credit Corporation	3,609,055,077	285,000,000	355,731,935	3,538,323,142
Federal Business Development Bank	303,400,000			303,400,000
Other	808,408,701	1,172,698,143	760,754,359	1,220,352,485
Less: allowance for valuation	18,149,967,118	3,808,211,735	2,421,522,938	19,536,655,915
Total enterprise Crown corporations	14,349,967,118	3,808,211,735	3,671,522,938	14,486,655,915
Other loans, investments and advances—				
Provincial and territorial governments, Table 6.11	818,763,719	1,161,328,302	489,741,226	1,490,350,795
National governments including developing countries, Table 6.12	3,534,567,361	545,777,306	697,991,929	3,382,352,738
International organizations, Table 6.13	5,179,335,194	657,576,636	400,880,633	5,436,031,197
Less: notes payables, Table 6.13	2,252,826,924	457,589,688	517,131,779	2,312,369,015
Joint and mixed enterprises, Table 6.14—	2,926,508,270	1,115,166,324	918,012,412	3,123,662,182
Petro-Canada	4,299,126,174			4,299,126,174
Other	162,094,400		87,804,000	74,290,400
4,461,220,574			87,804,000	4,373,416,574
Miscellaneous loans, investments and advances, Table 6.15	1,918,315,504	1,659,121,759	2,154,406,481	1,423,030,782
Less: allowance for valuation	13,659,375,428	4,481,393,691	4,347,956,048	13,792,813,071
Total other loans, investments and advances	8,820,000,000		420,000,000	9,240,000,000
Total	4,839,375,428	4,481,393,691	4,767,956,048	4,552,813,071

ENTERPRISE CROWN CORPORATIONS

Loans and advances to, and investments in, enterprise Crown corporations represent the balance of financial claims held by the Government against corporations for working capital, capital expenditure and other purposes, investment in the capital stock of corporations, and loans and advances to corporations for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries each of which is wholly-owned directly or indirectly by one or more parent Crown corporations.

Enterprise Crown corporations are defined as those corporate organizations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected corporations listed in Part I and all the corporations listed in Part II of Schedule III of the *Financial Administration Act*, the Bank of Canada and the Canadian Wheat Board.

An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs. Most of the enterprise Crown corporations listed in Schedule III to the *Financial Administration Act* are agents of Her Majesty in right of Canada. This status is granted in one of the following ways:

- (i) designation by Parliament, through a special act of incorporation;
- (ii) statutory authorization; or,
- (iii) proclamation by the *Government Corporations Operation Act*.

Financial statements of parent enterprise Crown corporations can be found in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada. The financial statements of wholly-owned subsidiaries of enterprise Crown corporations are also included in that report whenever their accounts are not consolidated with those of the parent corporation. These financial statements are appended to those of the related parent enterprise Crown corporation.

Table 6.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations.

TABLE 6.2

ENTERPRISE CROWN CORPORATIONS

	April 1/1992	Payments and	Receipts and	March 31/1993
		other charges	other credits	
Canada Deposit Insurance Corporation	1,785,000,000	2,155,004,696	855,005,078	3,084,999,618
Canada Mortgage and Housing Corporation—				
Capital stock	25,000,000			25,000,000
Housing	5,226,455,390	2,000,728	149,601,190	5,078,854,928
Real estate	248,686,603	45,000,137	88,932,254	204,754,486
Joint projects	1,643,200,534	148,508,031	134,161,130	1,657,547,435
Urban renewal scheme	4,671,712		1,440,748	3,230,964
Student housing projects	338,830,155		6,556,015	332,274,140
Sewage treatment projects	864,731,309		36,734,777	827,996,532
Ownership assistance	92,480,041		16,641,707	75,838,334
	8,444,055,744	195,508,896	434,067,821	8,205,496,819
Canadian National Railway Company—				
Capital stock	2,278,866,774			2,278,866,774
Consolidated loan	132,980,822		15,963,745	117,017,077
	2,411,847,596		15,963,745	2,395,883,851
Export Development Corporation	788,200,000			788,200,000
Farm Credit Corporation—				
Contributed capital	1,118,333,000			1,118,333,000
Notes	2,485,599,385	277,000,000	354,592,154	2,408,007,231
Farm syndicates loan fund	5,122,692	8,000,000	1,139,781	11,982,911
	3,609,055,077	285,000,000	355,731,935	3,538,323,142
Federal Business Development Bank	303,400,000			303,400,000
Other—				
Atomic Energy of Canada Limited— ⁽¹⁾				
Capital stock	15,000,000			15,000,000
Contributed capital	149,159,473			149,159,473
Housing	2,205,749		484,229	1,721,520
Bruce heavy water plant	13,322,673		13,322,673	
Commercial products division	140,303		140,303	
Gentilly II nuclear power station	132,183,609		3,449,109	128,734,500
Heavy water inventory	16,500,000		1,000,000	15,500,000
Lepreau nuclear station	263,402,784		6,675,510	256,727,274
	591,914,591		25,071,824	566,842,767
Bank of Canada	5,920,000			5,920,000
Canada Development Investment Corporation	395,658,315			395,658,315
Canada Ports Corporation—				
Loans	1,226,178		580,966	645,212
Interport Loan Fund	30,000,000	20,000,000	580,966	50,000,000
	31,226,178	20,000,000	580,966	50,645,212
Canada Post Corporation	80,000,000			80,000,000
Canadian Dairy Commission	124,810,000	187,409,000	289,722,000	22,497,000
Canadian Saltfish Corporation	32,800,000	266,174,552	295,649,552	3,325,000
Cape Breton Development Corporation	30,000,000		30,000,000	
Freshwater Fish Marketing Corporation	8,600,000	107,200,000	113,300,000	2,500,000
Montreal Port Corporation	5,669,002		488,249	5,180,753
Prince Rupert Port Corporation	16,878,998		331,659	16,547,339
Royal Canadian Mint—				
Capital stock	40,000,000			40,000,000
Loans	10,866,756		2,673,065	8,193,691
	50,866,756		2,673,065	48,193,691
Saint John Port Corporation	20,052,457			20,052,457
St John's Port Corporation	2,670,794		2,670,794	
Vancouver Port Corporation	3,256,201		266,250	2,989,951
	1,400,323,292	580,783,552	760,754,359	1,220,352,485
Less: consolidation adjustment ⁽¹⁾	591,914,591	591,914,591		
	808,408,701	1,172,698,143	760,754,359	1,220,352,485
Total	18,149,967,118	3,808,211,735	2,421,522,938	19,536,655,915

⁽¹⁾ Atomic Energy of Canada Limited is a Crown corporation that was consolidated in 1991-92 with details previously provided in Section 5 of this volume.

Canada Deposit Insurance Corporation

The Corporation was established by the *Canada Deposit Insurance Corporation Act*, to provide insurance, up to \$60,000 per depositor per institution, on deposits with federal member institutions and approved provincial institutions.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Section 42 of the *Canada Deposit Insurance Corporation Act* provides that the Minister of Finance, with the approval of the Governor in Council, may advance to the Corporation amounts by way of loans on such terms and conditions as the Governor in Council may determine. The aggregate of such loans authorized to be outstanding at any time is \$6,000,000,000.

The loans bear interest at rates from 5.238 percent to 7.49 percent per annum, and are repayable between June 30, 1993 and December 27, 1996.

During the year, the Corporation paid interest of \$182.1 million to the Government.

Canada Mortgage and Housing Corporation

The Corporation was established by the *Canada Mortgage and Housing Corporation Act*, to promote the construction of new houses, the repair and modernization of existing houses, the improvement of housing and living conditions in Canada, and to promote the development of communities through the provision of infrastructure facilities.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$1,979.5 million from budgetary appropriations. It paid interest of \$745.9 million and remitted a surplus from the Mortgage Insurance Fund of \$54.2 million to the Government.

Capital stock

The Government's investment in the capital of the Corporation is authorized by section 16 of the *Canada Mortgage and Housing Corporation Act*.

Housing

Advances have been made to enable the Corporation to lend money under the following sections of the *National Housing Act*:

- (a) Section 24(1)—for rental housing projects on the security of a first mortgage and to sell or purchase loans made on rental housing projects;
- (b) Section 26(1)—to any person to assist in
 - (i) the construction, purchase or improvement of a low-rental housing project;
 - (ii) the purchase of existing buildings and the land upon which they are situated and their conversion into a low-rental housing project; or,
 - (iii) the conversion of existing buildings into a low-rental housing project;

(c) Section 27.5—to municipalities for selected neighbourhoods for the purpose of improving premises within the neighbourhood in respect of which the contribution is made;

(d) Section 51(1)—

(i) to the owner of a family housing unit or of housing accommodation of the hostel or dormitory type for the purpose of assisting in the repair, rehabilitation or improvement thereof;

(ii) to an occupier of a family housing unit for the purpose of assisting in the repair, rehabilitation or improvement thereof; or,

(iii) to a non profit corporation for the purpose of assisting in the conversion of an existing residential building owned by the corporation, to a building containing a different number of family housing units, housing accommodation of the hostel or dormitory type or a different number of hostel or dormitory beds;

(e) Section 61(1)—to cooperatives for the purpose of assisting in the construction, acquisition or improvement of a housing project;

(f) Section 76(1)—to any person that wishes to undertake a project

(i) for individuals or families of low income; or,

(ii) to meet the needs of individuals resulting from age, infirmity or other disability;

(g) Section 80(1)—to provinces, municipalities or public housing agencies to assist in the acquisition and the servicing of land for housing purposes;

(h) Section 81(1)—to a province, municipality or public housing agency for the construction or acquisition of a public housing project;

(i) Section 97(1)—to persons to whom a loan is not being made available pursuant to Part I of section 24, the Corporation may make such a loan subject to the same terms, conditions and limitations that exist under Part I of section 24; and,

(j) Section 98—to Indians to assist in the purchase, improvement or construction of housing projects on Indian reserves.

The advances bear interest at rates from 3.5 percent to 17.625 percent per annum, and are repayable over 1 to 50 years, with final instalments between June 30, 1993 and September 30, 2037.

Real estate

Section 92(1) of the *National Housing Act* authorizes advances to: (a) acquire land or housing projects by way of purchase, lease or otherwise; (b) install services in and effect improvements to or in respect of land acquired, and develop and lay out such land for housing purposes; (c) construct, convert or improve housing projects; and, (d) acquire building materials and equipment and other personal property for use in connection with housing projects.

The advances bear interest at rates from 2 percent to 15 percent per annum, and are repayable over 50 years, with the final instalment on December 31, 2036.

Joint projects

Section 79(1) of the *National Housing Act* authorizes advances to undertake projects jointly with the government of any province or any agency thereof, for (a) the acquisition and development of land for housing purposes or for any purpose incidental thereto; (b) the construction of housing projects or housing accommodation of the hostel or dormitory type for sale or for rent; and, (c) the acquisition, improvement and conversion of existing buildings for a housing project or for housing accommodation of the hostel or dormitory type.

The advances bear interest at rates from 3 percent to 17.9 percent per annum, and are repayable over 1 to 50 years, with final instalments between June 30, 1993 and September 30, 2038.

Urban renewal scheme

Advances have been made to enable the Corporation to lend money under section 25(1) of the *National Housing Act*, to a province or municipality, to assist in the implementation of an urban renewal scheme.

The advances bear interest at rates from 5.81 percent to 7.81 percent per annum, and are repayable over 15 to 50 years, with final instalments between September 30, 1993 and December 31, 1999.

Student housing projects

Advances have been made to enable the Corporation to lend money under section 88(1) of the *National Housing Act*, to a province or an agency thereof, a municipality or an agency thereof, or a hospital, school board, university, college, cooperative association or charitable corporation, to assist in (a) the construction, acquisition or improvement of a student housing project; (b) the acquisition of existing buildings and their conversion into a student housing project; or, (c) the conversion of existing buildings into a student housing project.

The advances bear interest at rates from 5 percent to 10.054 percent per annum, and are repayable over 20 to 50 years, with final instalments between September 30, 1993 and September 30, 2030.

Sewage treatment projects

Advances have been made to enable the Corporation to lend money under section 51 of the *National Housing Act*, to any province, municipality or municipal sewage corporation, to assist in the establishment or expansion of a sewage treatment project, and in the construction of a trunk storm sewer system.

The advances bear interest at rates from 5 percent to 10.376 percent per annum, and are repayable over 20 to 50 years, with final instalments between September 30, 1993 and December 31, 2023.

Ownership assistance

Advances have been made to enable the Corporation to lend money under sections 57(1) and 58(1) of the *National Housing Act*, to assist in (a) the construction of a house or a condominium unit by a person who owns the house or condominium unit and intends to occupy the house, one of the family housing units thereof or the condominium unit, or by a builder who intends to sell the house or condominium unit to a person who will own and occupy the house, one of the family housing units thereof or the condominium unit; or, (b) the acquisition of a house or condominium unit by a prospective qualified owner.

The advances bear interest at rates from 7.658 percent to 9.3889 percent per annum, and are repayable over 18 to 20 years, with final instalments between December 31, 1993 and December 31, 2008.

Canadian National Railway Company

The Corporation was established by the *Canadian National Railways Act*, to provide, operate and manage a national system of railways.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$3.1 million from budgetary appropriations. It paid interest of \$11.3 million to the Government in 1992-93.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Consolidated loan

The loan bears interest at the rate of 8.75 percent per annum, and is repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1998.

Export Development Corporation

The Corporation was established by the *Export Development Act*, to facilitate and develop export trade by the provision of loans, insurance, guarantees and other financial facilities.

The Corporation is an agent of Her Majesty, reports through the Minister for International Trade, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$195.7 million from budgetary appropriations. It paid dividends of \$25 million to the Government.

The Government's investment in the capital of the Corporation, as authorized by section 11(1) of the *Export Development Act*, shall not exceed, at any time, \$1,500,000,000.

Farm Credit Corporation

The Corporation was established by the *Farm Credit Act*, to assist Canadian farmers to establish and develop sound farm enterprises through the use of long-term credit.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Contributed capital

The Government's contribution to the capital of the Corporation is authorized by section 12(1) of the *Farm Credit Act*.

Notes

Promissory notes are issued to the Minister of Finance in respect of loans made pursuant to section 13 of the Act, to provide the Corporation with funds for making loans to farmers. The total amount of such loans outstanding at any time may not exceed twenty-five times the capital of the Corporation.

The terms and conditions of the loans, with their year-end balances, are as follows:

(a) repayable over 20 years, bearing interest at rates from 6 percent to 10.145 percent per annum, with final instalments between July 1, 1993 and July 1, 2000, \$1,033,846,964;

(b) repayable over 10 to 19 years, bearing interest at rates from 8.37 percent to 10.145 percent per annum, with final instalments between July 1, 1993 and November 1, 2005, \$581,361,424; and,

(c) repayable over 2 to 9 years, bearing interest at rates from 5.87 percent to 11.82 percent per annum, with the final instalment on June 1, 2002, \$792,798,843.

During the year, the Corporation paid interest of \$225.2 million to the Government.

Farm syndicates loan fund

Advances have been made by the Minister of Finance, pursuant to section 8 of the *Farm Syndicates Credit Act*, to enable the Corporation to make loans. Section 3(1) of the Act allows the Corporation to make loans to a farm syndicate for:

- (a) the purchase of farm machinery;
- (b) the purchase, erection or improvement of buildings; or,
- (c) the purchase or improvement of land on which buildings are or are to be erected for use primarily by the syndicate or its members, in their farming operations.

The total amount authorized to be outstanding at any time is \$25,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

(a) repayable over 10 to 19 years, bearing an interest at rate of 9.555 percent per annum, with final instalment on February 26, 2001, \$536,264; and,

(b) repayable over 2 to 9 years, bearing interest at rates from 6.95 percent to 11.02 percent per annum, with final instalments between July 1, 1993 and March 1, 1999, \$11,446,647.

During the year, the Corporation paid interest of \$446,682 to the Government.

Federal Business Development Bank

The Corporation was established by the *Federal Business Development Bank Act*, to promote and assist in the establishment and development of business enterprises in Canada, by providing financial assistance, management counselling, management training, information and advice, and such other services as are ancillary or incidental to any of the foregoing.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, Science and Technology, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$16 million from budgetary appropriations.

The Government's contribution to the paid-in capital of the Corporation in the amount of \$590 million (of which \$286.6 million was charged to budgetary expenditure) is authorized by sections 20, 28 and 52 of the *Federal Business Development Bank Act*.

Atomic Energy of Canada Limited

The Corporation was incorporated pursuant to the *Canada Corporations Act*, and continued under the *Canada Business Corporations Act*, to develop the utilization of atomic energy for peaceful purposes.

The Corporation is an agent of Her Majesty, reports through the Minister of Energy, Mines and Resources, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$180.3 million from budgetary appropriations. It paid interest of \$50.2 million to the Government.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Contributed capital

The Government's contribution to the capital of the Corporation is recorded in this account.

Housing

Loans have been made to finance the construction of housing near the Whiteshell Nuclear Research Establishment.

The loans bear interest at rates from 5.125 percent to 8.5 percent per annum, and are repayable in equal monthly instalments over 30 years, with final instalments between December 31, 1993 and June 30, 2003.

Bruce heavy water plant

Loans have been made to finance the construction of the Bruce heavy water plant at Douglas Point, Ontario.

During the year, the loans have been repaid in full.

Commercial products division

Loans have been made to finance the construction of manufacturing facilities and a laboratory at South March, Ontario.

During the year, the loans have been repaid in full.

Gentilly II nuclear power station

Loans have been made to finance a share in the construction of the CANDU-PHW 600 generating station at Gentilly, under an agreement with the Province of Quebec and Hydro-Quebec.

The loan, consolidated in 1983-84, bears interest at the rate of 9.18 percent per annum, and is repayable in equal annual instalments over 25 years, with the final instalment on April 7, 2008.

On April 7, 1993 (1993-94), the consolidated loan was repaid in full.

Heavy water inventory

Loans have been made to finance the production and purchase of heavy water for lease or resale to Canadian and foreign users.

The loans bear interest at the rate established every May 1 and November 1 by the Minister of Finance, in respect of borrowings having a six month term by Crown corporations. The loans are repayable in equal semi-annual instalments over 20 years, with the final instalment on May 1, 2008.

Lepreau nuclear station

Loans have been made to finance a share in the construction of the nuclear generating station at Lepreau.

The loan, consolidated in 1980-81, bears interest at the rate of 9.706 percent per annum, and is repayable in equal annual instalments over 25 years, with the final instalment on April 1, 2008.

On April 1, 1993 (1993-94), the consolidated loan was repaid in full.

Bank of Canada

The Bank of Canada was established by the *Bank of Canada Act*, to regulate credit and currency, in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit, and to mitigate, by its influence, fluctuations in the general levels of production, trade, prices and employment so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of Canada.

The Bank is not an agent of Her Majesty and reports through the Minister of Finance.

The Government's investment in the capital of the Bank is authorized by section 17 of the *Bank of Canada Act*. An amount of \$5,000,000 represents the par value of 100,000 shares, and the remaining balance of \$920,000 represents premiums paid in respect of the acquisition, in 1938, of shares held by the public.

During the year, the Bank remitted profit of \$1,806 million to the Government.

Canada Development Investment Corporation

The Corporation was incorporated pursuant to the *Canada Business Corporations Act*, to:

- (a) assist in the creation or development of businesses, resources, properties and industries of Canada;
- (b) expand, widen and develop opportunities for Canadians to participate in the economic development of Canada through the application of their skills and capital in any activities carried on by the Corporation;
- (c) invest in the shares or securities of any corporation owning property or carrying on business related to the economic interests of Canada;
- (d) invest in ventures or enterprises, including the acquisition of property, likely to benefit Canada; and,
- (e) carry out all activities in the best interests of Canada, operating in a commercial manner.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part II of Schedule III of the *Financial Administration Act*.

The Government's investment in the capital of the Corporation is recorded in this account. The balance in the account represents the value of 101 common shares of the Corporation without nominal or par value.

During the year, the Corporation paid dividends of \$13.2 million to the Government.

Canada Ports Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control Canadian harbours, and any other harbour, work or property of Canada transferred by the Governor in Council.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$11.8 million from budgetary appropriations.

Loans

Under the authority of the *Canada Ports Corporation Act*, loans are made to finance capital expenditures of various harbours under the jurisdiction of the Canada Ports Corporation. A summary of the balances and transactions for the loans made to various harbours follows:

	April 1/1992	Payments and other charges	Receipts and other credits	March 31/1993
	\$	\$	\$	\$
Belledune	705,498		60,286	645,212
Chicoutimi	520,680		520,680	
	1,226,178		580,966	645,212

The remaining loan bears interest at a rate of 6.44 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

The Corporation paid interest of \$87,577 to the Government in 1992-93.

Interport Loan Fund

During the year, a loan was authorized by Transport Vote L55, *Appropriation Acts No. 1 and No. 2, 1992-93* in respect of the Interport Loan Fund.

The aggregate amount of loans authorized to be outstanding, at any time, is not to exceed \$50,000,000.

The Corporation will make annual repayments equal to 90 percent of the net income related to each of the loans advanced to the Interport Loan Fund. The repayments related to 1991 and 1992 were received in June 1993.

Canada Post Corporation

The Corporation was established by the *Canada Post Corporation Act*, to make postal services available to the public.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, Science and Technology, and is listed in Part II of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$126 million from budgetary appropriations.

A loan has been made to the Corporation pursuant to section 29 of the *Canada Post Corporation Act*, to finance capital and extraordinary restructuring costs. The aggregate amount of loans to be outstanding at any time shall not exceed \$500,000,000.

The loan bears interest at the rate of 9.705 percent per annum, and is repayable on April 27, 1998.

The Corporation paid interest of \$7.8 million to the Government in 1992-93.

Canadian Dairy Commission

The Corporation was established by the *Canadian Dairy Commission Act*, to provide, to efficient producers of milk and cream, the opportunity of obtaining a fair return for their labour and investment, and to provide, to consumers of dairy products, a continuous and adequate supply of high quality dairy products.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$205.5 million from budgetary appropriations.

Loans have been made to the Corporation, to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is \$300,000,000.

The loans bear interest at rates from 4.8096 percent to 8.6905 percent per annum, and are repayable within 1 year.

The Corporation paid interest of \$7.2 million to the Government in 1992-93.

Canadian Saltfish Corporation

The Corporation was established by the *Saltfish Act*, to improve the earnings of primary producers of cured cod fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Loans have been made to the Corporation, pursuant to section 16 of the *Saltfish Act*, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$50,000,000.

The remaining loan, repayable within 1 year, bears interest at the rate of 4.8139 percent per annum, with the final instalment on June 7, 1993.

In 1992-93, loans totalling \$29,043,638 were forgiven by Fisheries and Oceans Vote 15a, *Appropriation Act No. 3, 1992-93*.

During the year, the Corporation paid interest of \$429,909 to the Government.

Cape Breton Development Corporation

The Corporation was established by the *Cape Breton Development Corporation Act*, to stimulate economic adjustment and expansion on Cape Breton Island, while rationalizing the coal industry.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, Science and Technology, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$31 million from budgetary appropriations.

Advances have been made for the purpose of providing working capital for the coal division of the Corporation. The total amount authorized to be outstanding at any time is \$50,000,000.

In 1992-93, the advances were repaid in full.

Freshwater Fish Marketing Corporation

The Corporation was established by the *Freshwater Fish Marketing Act*, to regulate interprovincial and export trade in freshwater fish, and to market and trade in fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Loans have been made to the Corporation, pursuant to section 16 of the *Freshwater Fish Marketing Act*, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$30,000,000.

The loan bears interest at the rate of 5.238 percent per annum, and is repayable no later than April 7, 1993.

During the year, the Corporation paid interest of \$267,695 to the Government.

Montreal Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Montreal.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Montreal.

The remaining loan bears interest at the rate of 6.25 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$354,313, dividends of \$1.8 million and cash contributions of \$5 million to the Government.

Prince Rupert Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Prince Rupert.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Prince Rupert.

The terms and conditions of the loans, with their year-end balances, are as follows:

(a) bearing interest at rates of 9.8 percent to 9.86 percent per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2009, \$4,235,217; and,

(b) bearing interest at the rate of 10.4 percent per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2010, \$12,312,122.

During the year, the Corporation paid interest of \$1.7 million and dividends of \$39,341 to the Government.

Royal Canadian Mint

The Corporation was established by the *Royal Canadian Mint Act*, to:

(a) produce and arrange for the production and supply of coins of the currency of Canada;

(b) produce coins of the currency of other countries;

(c) melt, assay, refine, buy and sell gold, silver and other metals for the account of Canada; and,

(d) make medals, plaques and other things as are incidental to the powers of the Mint.

The Corporation is an agent of Her Majesty, reports through the Minister of Supply and Services, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Capital stock

Section 3.1(1) of the *Royal Canadian Mint Act* states that the authorized capital of the Mint is \$40,000,000, divided into four thousand shares of ten thousand dollars each. All authorized capital is issued.

Loans

Section 17(1) of the Act states that the Mint may borrow money from the Consolidated Revenue Fund or any other source but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed \$50,000,000.

Section 17(3) of the Act states that the Mint shall not borrow money without the approval of the Minister of Finance with respect to the time and the terms and conditions of the transaction.

The loans bear interest at rates from 8.25 percent to 12 percent per annum, and are repayable annually, with final instalments between April 1, 1995 and June 1, 1998.

During the year, the Corporation paid interest of \$0.9 million and dividends of \$0.7 million to the Government.

Saint John Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Saint John.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Saint John.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates from 11 percent to 11.875 percent per annum, repayable at maturity on December 31, 1998 and December 31, 1999, \$10,817,600;
- (b) bearing interest at the rate of 12.43 percent per annum, repayable at maturity on December 31, 2000, \$6,665,062; and,
- (c) bearing interest at the rate of 11.625 percent per annum, repayable at maturity on December 31, 2005, \$2,569,795.

During the year, the Corporation paid interest of \$1.5 million and cash contributions of \$0.8 million to the Government.

St John's Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of St John's.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of St John's.

During the year, the Corporation paid interest of \$229,042 and dividends of \$15,459 to the Government.

In 1992-93, the remaining loan was repaid in full.

Vancouver Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Vancouver.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Vancouver.

The remaining loan bears interest at the rate of 7.5 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$244,215, dividends of \$6.6 million and cash contributions of \$30 million to the Government.

Summary Financial Statements of Enterprise Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of enterprise Crown corporations.

Tables 6.3 to 6.5 present the assets, liabilities, revenues, expenses and changes to the equity of enterprise corporations grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part II of Schedule III of the *Financial Administration Act*.

For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation in accordance with its own respective accounting policies. Most Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges represent the unexpensed portion of non-financial assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Financial assets and liabilities in respect of the Government and Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from outside parties represent amounts repayable to institutional and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties, Government and Crown corporations. Revenue and expenses are used to determine the net income or loss of the corporation. Adjustments include prior period adjustments and other miscellaneous items as recorded by the corporations. Equity transactions with the Government include dividends declared or transfers of profits to the Government as well as equity infusions provided by the Government.

These tables present consolidated financial information on parent enterprise Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. The President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Enterprise Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with Section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. The gross amounts of such borrowings are included under "Liabilities, Outside Parties". A summary of such borrowings and the changes during the year ended March 31, 1993 is presented in Table 6.6.

Borrowings by non-agent Crown corporations are not, in law, obligations of the Government. However, when the Government expressly guarantees such borrowings, they become potential obligations of the Government. Such guarantees amounted to \$0.1 million as at March 31, 1993. A summary of borrowing transactions by non-agent enterprise Crown corporations is presented in Table 6.7. The maturity and currency of enterprise Crown corporations' borrowings is presented in Table 6.8. Contingent liabilities of enterprise Crown corporations are presented in Table 6.9.

A summary of financial assistance under Government budgetary appropriations to enterprise Crown corporations for the year ended March 31, 1993 is provided in Table 6.10. Differences in figures reported in Table 6.5 and those reported in Table 6.10 result from the use of different accounting policies and from items in transit.

TABLE 6.3

SUMMARY COMBINED FINANCIAL STATEMENTS OF ENTERPRISE CROWN CORPORATIONS BY SEGMENT
(in thousands of dollars)

	Competitive, self-sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
ASSETS AND LIABILITIES AND EQUITY						
AS AT MARCH 31, 1993						
Assets						
Financial						
Outside parties	2,174,788	4,672,694	25,041,129	7,857,491	54,700	39,800,802
Government and other Crown corporations	567,898	21,089,322	1,487,494	38,393	51,505	23,234,612
Total financial assets	2,742,686	25,762,016	26,528,623	7,895,884	106,205	63,035,414
Physical assets and deferred charges	10,002,637	244,086	570,329	729,121	858,152	12,404,325
Total assets	12,745,323	26,006,102	27,098,952	8,625,005	964,357	75,439,739
Liabilities						
Financial						
Outside parties						
Borrowings	3,231,051		10,284,483	6,972,142	1,315	20,488,991
Bank of Canada notes in circulation and amounts owing to depositors		25,513,873				25,513,873
Other liabilities	3,855,888	332,689	2,842,488	1,582,680	151,644	8,765,389
Government and other Crown corporations	1,038,342	129,540	13,904,083	56,320	2,175	15,130,460
Total liabilities	8,125,281	25,976,102	27,031,054	8,611,142	155,134	69,898,713
Equity of Canada	4,620,042	30,000	67,898	13,863	809,223	5,541,026
Total liabilities and equity	12,745,323	26,006,102	27,098,952	8,625,005	964,357	75,439,739
Contingent liabilities	284,742		184,665	6,800	9,020	485,227
REVENUES, EXPENSES AND CHANGES IN EQUITY						
FOR THE YEAR ENDED MARCH 31, 1993						
Revenues						
Financial						
Outside parties	8,303,638		2,621,327	4,633,838	405,296	15,964,099
Government and other Crown corporations						
Financial assistance	167,600		15,167	70,342	32,632	285,741
Other	965,191	2,007,481	174,852	2,956	10,846	3,161,326
Total revenues	9,436,429	2,007,481	2,811,346	4,707,136	448,774	19,411,166
Expenses						
Financial						
Outside parties	9,775,317	201,600	2,667,586	4,698,409	447,222	17,790,134
Government and other Crown corporations	651,333		988,527	11,048	24,247	1,675,155
Total expenses	10,426,650	201,600	3,656,113	4,709,457	471,469	19,465,289
Net income/loss(-) for the year	-990,221	1,805,881	-844,767	-2,321	-22,695	-54,123
Equity of Canada, beginning of the year	5,012,211	30,000	947,717	17,140	826,185	6,833,253
Adjustments	75,678				-2,546	73,132
Equity transactions with the Government						
Dividends	-65,312	-1,805,881	-35,052	-20,000		-1,926,245
Capital	587,686			19,044	8,279	615,009
Equity of Canada, end of the year	4,620,042	30,000	67,898	13,863	809,223	5,541,026

Notes to Table 6.4 are an integral part of this table.

TABLE 6.4

FINANCIAL POSITION OF ENTERPRISE CROWN CORPORATIONS —ASSETS AND LIABILITIES
AS AT MARCH 31, 1993
(in thousands of dollars)

Enterprise Crown corporations ⁽¹⁾	Assets			
	Financial		Physical assets and deferred charges	Total
	Outside parties	Government and Crown corporations		
Competitive, self-sustaining				
Atomic Energy of Canada Limited ⁽²⁾	721,900	21,300	481,600	1,224,800
Canada Development Investment Corporation ⁽³⁾	267,812	-140,850	894	127,856
Theratronics International Limited	7,628		16,618	24,246
Canada Ports Corporation	8,946	123,229	105,586	237,761
Canada Post Corporation	325,390	73,079	2,095,663	2,494,132
Canadian National Railway System	461,903	133,401	6,539,567	7,134,871
Halifax Port Corporation	2,892	6,439	56,308	65,639
Montreal Port Corporation	11,938	39,502	164,190	215,630
Petro-Canada Limited	269,803	235,086		504,889
Port of Quebec Corporation	3,978	195	59,515	63,688
Prince Rupert Port Corporation	1,041	10,434	100,392	111,867
Royal Canadian Mint	32,096	2,393	73,364	107,853
Saint John Port Corporation	1,157	5,784	81,987	88,928
St John's Port Corporation	782	1,160	13,920	15,862
Teleglobe Canada ⁽⁴⁾	267	10		277
Vancouver Port Corporation	57,255	56,736	213,033	327,024
<i>Total—Competitive, self-sustaining</i>	2,174,788	567,898	10,002,637	12,745,323
<i>Bank of Canada</i>	4,672,694	21,089,322	244,086	26,006,102
Lending and Insurance				
Canada Deposit Insurance Corporation	2,185,636	176	26,470	2,212,282
Canada Mortgage and Housing Corporation	8,338,919	180,609	58,313	8,577,841
Insurance Programs	154,746	1,197,917	234,866	1,587,529
Export Development Corporation	8,231,105	103,314		8,334,419
Farm Credit Corporation	3,377,428	5,163	240,396	3,622,987
Federal Business Development Bank	2,753,295	315	10,284	2,763,894
<i>Total—Lending and insurance</i>	25,041,129	1,487,494	570,329	27,098,952
Marketing				
Canadian Commercial Corporation	473,143	36		473,179
Canadian Dairy Commission				
Marketing operations	31,579	38,357	68,863	138,799
Canadian Saltfish Corporation	1,151		756	1,907
Canadian Wheat Board, The	7,347,274		644,896	7,992,170
Freshwater Fish Marketing Corporation	4,344		14,606	18,950
<i>Total—Marketing</i>	7,857,491	38,393	729,121	8,625,005
Other				
Atlantic Pilotage Authority	779		1,089	1,868
Cape Breton Development Corporation	29,082	11,879	315,862	356,823
Great Lakes Pilotage Authority, Ltd	624		70	694
Laurentian Pilotage Authority	2,997		470	3,467
Pacific Pilotage Authority	6,932		1,153	8,085
St. Lawrence Seaway Authority, The	13,768	39,626	539,013	592,407
Seaway International Bridge Corporation Ltd, The	518		495	1,013
<i>Total—Other</i>	54,700	51,505	858,152	964,357
<i>Total—Enterprise</i>	39,800,802	23,234,612	12,404,325	75,439,739

⁽¹⁾ All enterprise Crown corporations listed in this table are parent Crown corporations except the Seaway International Bridge Corporation, Ltd which is an unconsolidated subsidiary.⁽²⁾ Atomic Energy of Canada Limited was reclassified as an "Enterprise" Crown corporation from Consolidated Crown corporations effective April 1, 1992.⁽³⁾ Canada Development Investment Corporation (CDIC): During 1988, the Corporation acquired two subsidiaries from Atomic Energy of Canada Limited - Nordion International Inc. (Nordion) and Theratronics International Limited (Theratronics). On December 12, 1989, Bill C-13, an Act authorizing the divestiture of Nordion and Theratronics by CDIC was passed by the House of Commons. Nordion was sold to the private sector in November, 1991.⁽⁴⁾ On April 4, 1987, the *Teleglobe Canada Reorganization and Divestiture Act* received Royal Assent pursuant to the letter of intent signed February 11, 1987 selling the assets of Teleglobe Canada to Memotec Data Inc. The Corporation is potentially liable for bills of exchange. The liability amounts to £1,963,117 (\$3,768,596) as at December 31, 1992 and matures in 1993.

Liabilities					
Outside parties		Government and Crown corporations	Total liabilities	Equity of Canada	Total liabilities and equity
Borrowings	Other				
13,600	215,300	487,200	716,100	508,700	1,224,800
593,752	8,416	17,582	619,750	-491,894	127,856
	16,664		16,664	7,582	24,246
188,455	10,339	68,566	267,360	-29,599	237,761
55,000	894,970	206,884	1,156,854	1,337,278	2,494,132
1,905,135	2,589,150	169,304	4,663,589	2,471,282	7,134,871
	2,445	47	2,492	63,147	65,639
	12,681	5,747	18,428	197,202	215,630
455,413	50,142		505,555	-666	504,889
	4,130	3,818	7,948	55,740	63,688
	1,787	16,547	18,334	93,533	111,867
	27,126	8,830	35,956	71,897	107,853
19,696	2,020	20,707	42,423	46,505	88,928
	745	61	806	15,056	15,862
		3	3	274	277
	19,973	33,046	53,019	274,005	327,024
3,231,051	3,855,888	1,038,342	8,125,281	4,620,042	12,745,323
	25,846,562	129,540	25,976,102	30,000	26,006,102
152,295	616,375	3,108,535	3,724,910	-1,512,628	2,212,282
	71,725	8,303,821	8,527,841	50,000	8,577,841
	1,478,146	3,673	1,481,819	105,710	1,587,529
6,983,010	477,299	13,339	7,473,648	860,771	8,334,419
797,317	62,759	2,474,345	3,334,421	288,566	3,622,987
2,351,861	136,184	370	2,488,415	275,479	2,763,894
10,284,483	2,842,488	13,904,083	27,031,054	67,898	27,098,952
	456,008	1,359	457,367	15,812	473,179
41	116,165	22,634	138,799		138,799
6,966,428	474	3,341	3,856	-1,949	1,907
5,673	997,556	28,186	7,992,170		7,992,170
6,972,142	12,477	800	18,950		18,950
	1,582,680	56,320	8,611,142	13,863	8,625,005
1,307	1,487	10	1,497	371	1,868
	104,305	1,923	106,228	250,595	356,823
	3,611		3,611	-2,917	694
	4,158		5,465	-1,998	3,467
	3,000		3,000	5,085	8,085
	34,328		34,328	558,079	592,407
8	755	242	1,005	8	1,013
1,315	151,644	2,175	155,134	809,223	964,357
20,488,991	34,279,262	15,130,460	69,898,713	5,541,026	75,439,739

TABLE 6.5

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF ENTERPRISE CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

Enterprise Crown corporations	Revenues			
	Outside parties	Government and Crown corporations		
		Financial assistance ⁽¹⁾	Other	Total
Competitive, self-sustaining				
Atomic Energy of Canada Limited	466,150	167,600	4,450	638,200
Canada Development Investment Corporation	11,471		919	12,390
Theratronics International Limited	39,925			39,925
Canada Ports Corporation	48,693		28,777	77,470
Canada Post Corporation	3,578,755		341,940	3,920,695
Canadian National Railway System	3,532,338		508,290	4,040,628
Halifax Port Corporation	10,495		376	10,871
Montreal Port Corporation	46,275		10,430	56,705
Petro-Canada Limited	113,741		19,083	132,824
Port of Quebec Corporation	13,063		691	13,754
Prince Rupert Port Corporation	13,180		621	13,801
Royal Canadian Mint	358,739		42,476	401,215
Saint John Port Corporation	11,801		520	12,321
St John's Port Corporation	3,438		279	3,717
Teleglobe Canada	17		5	22
Vancouver Port Corporation	55,557		6,334	61,891
Total—Competitive, self-sustaining	8,303,638	167,600	965,191	9,436,429
<i>Bank of Canada</i>			2,007,481	2,007,481
Lending and insurance				
Canada Deposit Insurance Corporation	306,191		3,381	309,572
Canada Mortgage and Housing Corporation	684,008		45,330	729,338
Insurance Programs	248,897		123,359	372,256
Export Development Corporation	672,429		2,782	675,211
Farm Credit Corporation	387,536			387,536
Federal Business Development Bank	322,266	15,167		337,433
Total—Lending and insurance	2,621,327	15,167	174,852	2,811,346
Marketing				
Canadian Commercial Corporation	610,836	13,500		624,336
Canadian Dairy Commission				
Marketing operations	389,039		2,653	391,692
Canadian Saltfish Corporation	1,186		303	1,489
Canadian Wheat Board, The	3,587,015	56,842		3,643,857
Freshwater Fish Marketing Corporation	45,762			45,762
Total—Marketing	4,633,838	70,342	2,956	4,707,136
Other				
Atlantic Pilotage Authority	6,535	1,632	20	8,187
Cape Breton Development Corporation	260,243	31,000	5,752	296,995
Great Lakes Pilotage Authority, Ltd	8,146			8,146
Laurentian Pilotage Authority	27,255			27,255
Pacific Pilotage Authority	32,133			32,133
St. Lawrence Seaway Authority, The	66,973		5,074	72,047
Seaway International Bridge Corporation Ltd, The	4,011			4,011
Total—Other	405,296	32,632	10,846	448,774
Total—Enterprise	15,964,099	285,741	3,161,326	19,411,166

Notes to Table 6.4 are an integral part of this table.

⁽¹⁾ This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$629,749 representing capital and operating appropriations received by the corporations is included in "Equity transactions with Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 6.10 because of differences resulting from the different accounting policies followed.

Expenses

Outside parties	Government and Crown corporations		Income/or loss(-)	Equity beginning of the year	Adjustments	Equity transactions with government		Equity end of year
	Total	Dividends	Capital					
592,300	42,800	635,100	3,100		78,000		427,600	508,700
69,286		69,286	-56,896	-533,608		-13,176	111,786	-491,894
45,624		45,624	-5,699	13,281				7,582
48,058	-5,189	42,869	34,601	-64,200				-29,599
3,418,529	476,539	3,895,068	25,627	1,311,651				1,337,278
4,951,110	121,380	5,072,490	-1,031,862	3,503,144				2,471,282
9,953	808	10,761	110	63,037				63,147
47,143	4,727	51,870	4,835	199,165		-6,798		197,202
131,356		131,356	1,468	5,864		-7,998		-666
14,248	808	15,056	-1,302	57,042				55,740
11,524	1,719	13,243	558	44,714		-39	48,300	93,533
386,570	1,018	387,588	13,627	58,920		-650		71,897
9,370	2,603	11,973	348	46,157				46,505
2,278	731	3,009	708	14,363		-15		15,056
28		28	-6	280				274
37,940	3,389	41,329	20,562	292,401	-2,322	-36,636		274,005
9,775,317	651,333	10,426,650	-990,221	5,012,211	75,678	-65,312	587,686	4,620,042
201,600		201,600	1,805,881	30,000		-1,805,881		30,000
990,559	197,511	1,188,070	-878,498	-634,130				-1,512,628
235,907	483,379	719,286	10,052	50,000		-10,052		50,000
296,100	88,308	384,408	-12,152	117,862				105,710
646,466	-11,392	635,074	40,137	845,634		-25,000		860,771
138,386	228,714	367,100	20,436	268,130				288,566
360,168	2,007	362,175	-24,742	300,221				275,479
2,667,586	988,527	3,656,113	-844,767	947,717		-35,052		67,898
618,618	6,090	624,708	-372	46,184		-20,000	-10,000	15,812
387,472	4,220	391,692						
2,932	506	3,438	-1,949	-29,044			29,044	-1,949
3,643,857		3,643,857						
45,530	232	45,762						
4,698,409	11,048	4,709,457	-2,321	17,140		-20,000	19,044	13,863
7,858	20	7,878	309	-104			166	371
286,346	20,151	306,497	-9,502	262,642	-2,545			250,595
9,274		9,274	-1,128	-3,638	-1		1,850	-2,917
32,510		32,510	-5,255	-3,006			6,263	-1,998
30,381		30,381	1,752	3,333				5,085
78,450	2,468	80,918	-8,871	566,950				558,079
2,403	1,608	4,011		8				8
447,222	24,247	471,469	-22,695	826,185	-2,546		8,279	809,223
17,790,134	1,675,155	19,465,289	-54,123	6,833,253	73,132	-1,926,245	615,009	5,541,026

Borrowings by Agent Enterprise Crown Corporations

Table 6.6 summarizes the borrowing transactions by agent enterprise Crown corporations made on behalf of Her Majesty. This information is published to satisfy Section 49 of the *Financial Administration Act* (FAA) which requires that "An annual statement of all borrowing transactions on behalf of Her Majesty shall be included in the Public Accounts". The borrowings are from other than the Government. In accordance with Section 54 of the FAA, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the accounts of Canada net of borrowings expected to be repaid directly by these corporations. As at March 31, 1993, an allowance for borrowings expected to be repaid by the Government was established at \$3,560 million.

Borrowings by non-agent enterprise Crown corporations are not included in this table because such borrowings are not on behalf of Her Majesty. Table 6.7 provides information on borrowings of such corporations.

TABLE 6.6

BORROWINGS BY AGENT ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1992	Borrowings and other credits	Repayments and other charges	Balance March 31/1993
Atomic Energy of Canada Limited ⁽¹⁾		16,890	3,290	13,600
Canada Development Investment Corporation	712,794	200,000	319,042	593,752
Canada Mortgage and Housing Corporation		152,295		152,295
Canada Ports Corporation	200,137		11,682	188,455
Canada Post Corporation	55,000			55,000
Canadian Saltfish Corporation		3,700	3,659	41
Canadian Wheat Board, The	7,323,037	33,992,485	34,349,094	6,966,428
Export Development Corporation	6,220,597	134,069,563	133,307,150	6,983,010
Farm Credit Corporation	813,459	1,217,608	1,233,750	797,317
Federal Business Development Bank	2,249,126	6,916,988	6,814,253	2,351,861
Freshwater Fish Marketing Corporation	4,206	1,620	153	5,673
Petro-Canada Limited	980,222		524,809	455,413
Saint John Port Corporation	19,696			19,696
Seaway International Bridge Corporation, Ltd., The	8			8
Total	18,578,282	176,571,149	176,566,882	18,582,549
Borrowings expected to be repaid by agent enterprise Crown corporations	-15,148,282	176,701,149	176,566,882	-15,022,549
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government and reported on the Statement of Assets and Liabilities	3,430,000	130,000		3,560,000

Notes to Table 6.4 are an integral part of this table.

⁽¹⁾ Atomic Energy of Limited was reclassified as an "enterprise" Crown corporation from consolidated Crown corporations effective April 1, 1992.

Borrowings by Enterprise Crown Corporations

Table 6.7 summarizes the borrowing transactions of agent and non-agent enterprise Crown corporations. Borrowings of non-agent Crown corporations are not on behalf of Her Majesty.

TABLE 6.7

BORROWINGS BY ENTERPRISE CROWN CORPORATIONS (in thousands of dollars)

	Balance April 1/1992	Borrowings and other credits	Repayments and other charges	Balance March 31/1993
Borrowings by agent enterprise Crown corporations	18,578,282	176,571,149	176,566,882	18,582,549
Borrowings by non-agent enterprise Crown corporations--				
Atlantic Pilotage Authority	795		795	
Canadian National Railway System	1,802,513	517,101	414,479	1,905,135
Laurentian Pilotage Authority	1,009	298		1,307
	1,804,317	517,399	415,274	1,906,442
Total	20,382,599	177,088,548	176,982,156	20,488,991

Notes to Table 6.4 are an integral part of this table.

Maturity and Currency of Borrowings by Enterprise Crown Corporations

Table 6.8 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations, as at March 31, 1993.

TABLE 6.8

MATURITY AND CURRENCY OF BORROWINGS BY ENTERPRISE CROWN CORPORATIONS (in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
1994	5,952,273	440,601	6,392,874
1995	6,139,125	144,951	6,284,076
1996	1,052,323	38,083	1,090,406
1997	1,401,852	201,760	1,603,612
1998	524,476	232,082	756,558
1999/2003	1,542,804	726,581	2,269,385
2004/2008	379,875	122,384	502,259
2009 and after	1,589,821		1,589,821
Total	18,582,549	1,906,442	20,488,991 ⁽¹⁾

Notes to Table 6.4 are an integral part of this table.

⁽¹⁾The borrowings are composed of \$12,614,234 US, £ 2,023, SF 108,931, ¥ 252,589, Austl \$45,588, Italian (Lira) 22,291, DM 356,220, ECU 279,008, and \$6,808,107 Cdn.

Contingent Liabilities of Enterprise Crown Corporations

Table 6.9 summarizes the contingent liabilities of enterprise Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 6.9

CONTINGENT LIABILITIES OF ENTERPRISE CROWN CORPORATIONS (in thousands of dollars)

March 31, 1993

Agent enterprise Crown corporations	
Canada Mortgage and Housing Corporation—Insulation claims and other litigation	48,900
Canada Mortgage and Housing Corporation—Insurance Programs	11,500
Canada Ports Corporation—Miscellaneous litigation	2,689
Canadian Commercial Corporation—Contract damages	6,800
Cape Breton Development Corporation—Miscellaneous litigation	1,920
Export Development Corporation—Loan guarantees and loans with recourse	123,265
Federal Business Development Bank—Loan guarantees	1,000
Halifax Port Corporation—Miscellaneous litigation	1,020
Montreal Port Corporation—Miscellaneous litigation	3,000
Petro-Canada Limited—Loan guarantees	175,000
Port of Quebec Corporation—Miscellaneous litigation	6,000
St John's Port Corporation—Miscellaneous litigation	364
St Lawrence Seaway Authority—Claims for damages	63,500
Teleglobe Canada—Guaranteed bills of exchange	3,769
Vancouver Port Corporation—Claims for damages	29,400
	478,127
Non-agent enterprise Crown corporations	
Laurentian Pilotage Authority—Miscellaneous litigation	7,100
	7,100
Total	485,227

Notes to Table 6.4 are an integral part of this table.

Financial Assistance Under Budgetary Appropriations to Enterprise Crown Corporations

Table 6.10 summarizes financial assistance under budgetary appropriations for both agent and non-agent enterprise Crown corporations. It should be read in conjunction with Table 6.5. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 6.10

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO ENTERPRISE CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1993 (in thousands of dollars)

	Financial assistance under budgetary appropriations ⁽¹⁾	Purpose	
		Operations	Capital expenditures
Agent enterprise Crown corporations			
Atomic Energy of Canada Limited	180,261	180,261	
Canada Ports Corporation	11,800	11,800	
Canada Post Corporation ⁽²⁾	126,000	126,000	
Canadian Commercial Corporation	13,500	13,500	
Canadian Dairy Commission	3,495	3,495	
Canadian Wheat Board, The	56,842	56,842	
Cape Breton Development Corporation	31,000	31,000	
Export Development Corporation ⁽³⁾	195,685	195,685	
Federal Business Development Bank	16,039	16,039	
St Lawrence Seaway Authority, The	37,429		37,429
	672,051	634,622	37,429
Non-agent enterprise Crown corporations			
Atlantic Pilotage Authority	1,353	1,269	84
Canadian National Railway System	3,057	3,057	
Great Lakes Pilotage Limited	1,157	1,157	
Laurentian Pilotage Authority	4,890	4,843	47
	10,457	10,326	131
Total	682,508	644,948	37,560

⁽¹⁾ Excludes grants and contributions paid to agent and non-agent enterprise Crown corporations where they qualify as members of a general class of recipients.

⁽²⁾ Includes payment of \$112,000 for costs associated with cultural publication mailings.

⁽³⁾ Payment made pursuant to Section 32 of the *Export Development Act* concerning the concessional (Canada Account) loans.

PROVINCIAL AND TERRITORIAL GOVERNMENTS

This category records loans to provinces and territories made under relief acts and other legislation. The balance receivable of the Provincial Tax Collection Agreements Account is also reported under this category.

TABLE 6.11
PROVINCIAL AND TERRITORIAL GOVERNMENTS

	April 1/1992	Payments and other charges	Receipts and other credits	March 31/1993
				\$
NEWFOUNDLAND—				
Atlantic Canada Opportunities Agency—				
Special areas and highways agreement	18,078,718		2,718,663	15,360,055
Finance—				
Federal-provincial employment loans				
program	3,661,214		3,661,214	
Federal-provincial fiscal arrangements	11,268,344	70,904,000	11,268,344	70,904,000
Municipal Development and Loan Board	3,926,173		243,745	3,682,428
Winter capital projects fund	6,880,244		34,674	6,845,570
	25,735,975	70,904,000	15,207,977	81,431,998
Industry, Science and Technology—				
Atlantic Development Board carry-over projects	739,700		55,878	683,822
Atlantic Provinces Power Development Act	63,484,400		2,913,349	60,571,051
	64,224,100		2,969,227	61,254,873
Total Newfoundland	108,038,793	70,904,000	20,895,867	158,046,926
NOVA SCOTIA—				
Atlantic Canada Opportunities Agency—				
Special areas and highways agreement	11,332,493		4,658,619	6,673,874
Energy, Mines and Resources—				
Regional electrical interconnections	2,316,294		49,507	2,266,787
Finance—				
Federal-provincial employment loans				
program	315,719		269,507	46,212
Federal-provincial fiscal arrangements	25,682,000	103,117,000	25,682,000	103,117,000
Municipal Development and Loan Board	743,032		106,016	637,016
Winter capital projects fund	2,180,678		476,986	1,703,692
	28,921,429	103,117,000	26,534,509	105,503,920
Industry, Science and Technology—				
Atlantic Development Board carry-over projects	2,870,109		233,450	2,636,659
Atlantic Provinces Power Development Act	28,970,031		2,383,549	26,586,482
	31,840,140		2,616,999	29,223,141
Total Nova Scotia	74,410,356	103,117,000	33,859,634	143,667,722
PRINCE EDWARD ISLAND—				
Atlantic Canada Opportunities Agency—				
Comprehensive development plan agreement	9,145,428		777,966	8,367,462
Finance—				
Federal-provincial employment loans				
program	73,028		24,788	48,240
Federal-provincial fiscal arrangements	4,386,683	29,383,000	4,386,683	29,383,000
Municipal Development and Loan Board	522,716		37,266	485,450
Special development loans program	36,575		36,575	
Winter capital projects fund	678,902		83,046	595,856
	5,697,904	29,383,000	4,568,358	30,512,546
Industry, Science and Technology—				
Atlantic Development Board carry-over projects	15,582		1,773	13,809
Total Prince Edward Island	14,858,914	29,383,000	5,348,097	38,893,817

Table 6.11 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments as well as the balance receivable of the Provincial Tax Collection Agreements Account. Details of the balance receivable of the Provincial Tax Collection Agreements Account can be found in Section 7 of this volume, Table 7.15.

TABLE 6.11

PROVINCIAL AND TERRITORIAL GOVERNMENTS—Continued

	April 1/1992	Payments and	Receipts and	March 31/1993
		other charges	other credits	
NEW BRUNSWICK—				
Atlantic Canada Opportunities Agency—				
Special areas and highways agreement	23,537,341		3,237,609	20,299,732
Energy, Mines and Resources—				
Regional electrical interconnec-				
tions	4,385,440		91,818	4,293,622
Finance—				
Federal-provincial employment loans				
program	4,994,636		261,349	4,733,287
Federal-provincial fiscal arrange-				
ments	23,242,747	2,394,000	23,242,747	2,394,000
Municipal Development and Loan				
Board	2,347,609		137,002	2,210,607
Winter capital projects fund	8,829,284		125,218	8,704,066
	39,414,276	2,394,000	23,766,316	18,041,960
Industry, Science and Technology—				
Atlantic Development Board carry-over				
projects	576,511		55,188	521,323
Atlantic Provinces Power Development				
Act	29,314,588		2,441,567	26,873,021
	29,891,099		2,496,755	27,394,344
Total New Brunswick	97,228,156	2,394,000	29,592,498	70,029,658
QUEBEC—				
Finance—				
Federal-provincial employment loans				
program	61,300,779		61,300,779	
Federal-provincial fiscal arran-				
gements		237,850,000		237,850,000
Municipal Development and Loan				
Board	32,458,463		2,542,245	29,916,218
Winter capital projects fund	91,314,928		91,314,928	
	185,074,170	237,850,000	155,157,952	267,766,218
National Health and Welfare—				
Federal Office of Regional Development-Quebec—				
Special areas and highways agreement	83,357,132		33,903,900	49,453,232
Total Quebec	268,431,302	237,850,000	189,061,852	317,219,450
ONTARIO—				
Finance—				
Federal-provincial employment loans				
program	3,668,307		1,141,256	2,527,051
Municipal Development and Loan				
Board	5,329,326		1,291,963	4,037,363
Special development loans program	249,112		249,112	
Winter capital projects fund	16,160,082		2,702,211	13,457,871
Total Ontario	25,406,827		5,384,542	20,022,285
MANITOBA—				
Agriculture—				
Agricultural service centres	3,864,383		572,405	3,291,978
Energy, Mines and Resources—				
Regional electrical interconnec-				
tions	125,415,153		125,415,153	
Finance—				
Federal-provincial employment loans				
program	666,198		666,198	
Federal-provincial fiscal arran-				
gements	69,419,843	193,685,843	69,419,843	193,685,843
Municipal Development and Loan				
Board	942,804		135,915	806,889
Special development loans program	656,633		656,633	
Winter capital projects fund	1,475,365		199,684	1,275,681
	73,160,843	193,685,843	71,078,273	195,768,413
Western Economic Diversification—				
Special areas and highways agreement	1,493,671		297,245	1,196,426
Total Manitoba	203,934,050	193,685,843	197,363,076	200,256,817

TABLE 6.11

PROVINCIAL AND TERRITORIAL GOVERNMENTS—Concluded

	April 1/1992	Payments and other charges	Receipts and other credits	March 31/1993
	\$	\$	\$	\$
SASKATCHEWAN—				
Agriculture—				
Agricultural service centres	3,805,783		472,951	3,332,832
Finance—				
Federal-provincial employment loans program	222,346		108,059	114,287
Federal-provincial fiscal arrangements		120,228,000		120,228,000
Municipal Development and Loan Board	169,554 391,900	120,228,000	33,759 141,818	135,795 120,478,082
Total Saskatchewan	4,197,683	120,228,000	614,769	123,810,914
ALBERTA—				
Finance—				
Federal-provincial employment loans program	577,514		568,431	9,083
Municipal Development and Loan Board	1,258,306 1,529,349 3,365,169		217,604 529,864 1,315,899	1,040,702 999,485 2,049,270
Winter capital projects fund	1,313,191		274,671	1,038,520
Western Economic Diversification—				
Special areas and highways agreement				
Total Alberta	4,678,360		1,590,570	3,087,790
BRITISH COLUMBIA—				
Finance—				
Federal-provincial employment loans program	2,820,117		1,356,472	1,463,645
Municipal Development and Loan Board	1,757,854 2,273,472 6,929,378		257,171 2,273,472 1,351,346	1,500,683 5,578,032
Total British Columbia	13,780,821		5,238,461	8,542,360
NORTHWEST TERRITORIES—				
Finance—				
Federal-provincial employment loans program	5,259 135,937 141,196		2,619 23,437 26,056	2,640 112,500 115,140
Winter capital projects fund	104,620		40,629	63,991
Total Northwest Territories	245,816		66,685	179,131
YUKON TERRITORY—				
Indian Affairs and Northern Development—				
Government of the Yukon Territory	3,463,279 89,362		725,175	2,738,104 89,362
Yukon Territory small business loans				
Total Yukon Territory	3,552,641		725,175	2,827,466
Subtotal	818,763,719	757,561,843	489,741,226	1,086,584,336
Provincial Tax Collection Agreements Account ⁽¹⁾		403,766,459		403,766,459
Total	818,763,719	1,161,328,302	489,741,226	1,490,350,795

⁽¹⁾ The Provincial Tax Collection Agreements Account is a specified purpose account usually reported as a liability on the Statement of Assets and Liabilities. Since the closing balance of this account is in a debit position, it is reported as an asset. Further details are provided in Table 7.15 (Section 7 of this volume).

Special areas and highways agreement—Atlantic Canada Opportunities Agency

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 7 percent to 10.164 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1993 and April 1, 2005.

Federal-provincial employment loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 6.67 percent to 7.4 percent per annum, and are repayable either in annual instalments over 10 to 20 years, or at maturity, with final repayments between April 1, 1993 and November 30, 1994.

Federal-provincial fiscal arrangements

These amounts represent overpayments in respect of provincial equalization entitlements under the *Constitution Acts 1867 to 1982*, the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act*, and other statutory authority. These overpayments are non-interest bearing and are recovered in the subsequent year.

Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25 percent to 5.625 percent per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years, with final instalments between May 21, 1993 and March 31, 2016.

Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.2 percent to 9.77 percent per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity, with final repayments between July 5, 1993 and February 28, 1999.

Atlantic Development Board carry-over projects

Loans have been made to finance certain water projects that were carried over from the Atlantic Development Board.

The loans bear interest at rates from 7.5 percent to 8.5 percent per annum, and are repayable over 6 to 13 years at various anniversary amortization dates, with final instalments between July 31, 1999 and April 1, 2006.

Atlantic Provinces Power Development Act

Loans have been made to the Atlantic provinces, to assist in the generation of electrical energy by steam driven generators in the provinces, and in the control and transmission of electric energy.

The loans bear interest at rates from 4.5 percent to 8.5 percent per annum, and are repayable in equal annual instalments over 1 to 21 years, with final instalments between March 31, 1994 and March 31, 2014.

Regional electrical interconnections

Loans have been made to assist in financing regional electrical interconnections, under agreements between the Government of Canada and the Provinces of Manitoba, New Brunswick and Nova Scotia.

Although authority for additional loans were authorized by Energy, Mines and Resources Votes L25 and L25c, *Appropriation Acts No. 1, No. 2 and No. 4, 1992-93*, no loans were made during the year.

The loans bear interest at rates from 9 percent to 10 percent per annum, and are repayable in annual instalments over 29 to 31 years, with final instalments between October 31, 2009 and March 31, 2011.

Comprehensive development plan agreement

Loans have been made to the Province of Prince Edward Island, to assist in financing the realization of a comprehensive and co-ordinated development plan of the province, pursuant to an agreement with the province, whose territory has been designated a "special rural development area".

The loans bear interest at rates from 6.688 percent to 9.375 percent per annum, and are repayable in equal instalments due at various anniversary dates, with final instalments by March 31, 2005.

Special development loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

As at March 31, 1993, all loans have been repaid in full.

Special areas and highways agreement—Federal Office of Regional Development-Quebec

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 5.768 percent to 10.164 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1993 and March 31, 2009.

Agricultural service centres

Loans have been made to provincial and municipal authorities, to assist in the construction or expansion of water supply and waste disposal facilities in key agriculture service centres, which are essential to rural adjustment and urban development in the agricultural portion of the Prairie region.

The loans bear interest at rates from 7.6726 percent to 14.129 percent per annum, and are repayable in equal annual instalments over 20 years, with final instalments between March 31, 1994 and March 31, 2004.

Special areas and highways agreement—Western Economic Diversification

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 7.1689 percent to 9.9448 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1993 and April 1, 1999.

Government of the Northwest Territories

Loans have been made to the Government of the Northwest Territories, for the following purposes:

	April 1/1992	Payments and other charges	Receipts and other credits	March 31/1993
	\$	\$	\$	\$
Second mortgage ...	65,288		15,918	49,370
Low cost housing ...	39,332		24,711	14,621
	104,620		40,629	63,991

The loans bear interest at rates from 5.375 percent to 8.875 percent per annum, and are repayable in equal annual instalments over 20 to 25 years, with final instalments between April 1, 1993 and August 27, 1997.

Government of the Yukon Territory

Loans have been made to the Government of the Yukon Territory, for the following purposes:

	April 1/1992	Payments and other charges	Receipts and other credits	March 31/1993
	\$	\$	\$	\$
Second mortgage ...	27,179		2,426	24,753
Low cost housing ...	132,609		57,515	75,094
Capital expenditures	555,207		52,293	502,914
Outside parties—				
Capital projects ...	2,748,284		612,941	2,135,343
	3,463,279		725,175	2,738,104

The loans bear interest at rates from 5.375 percent to 12.5 percent per annum, and are repayable in equal annual instalments over 10 to 35 years, with final instalments between April 1, 1993 and November 24, 2003.

Yukon Territory small business loans

Loans have been made for the establishment or expansion of small businesses in the Yukon Territory.

The total amount authorized to be outstanding at any time is \$5,000,000.

The loans bear interest at rates from 9 percent to 12 percent per annum, and were repayable in annual instalments over 10 years, with the final instalment on April 1, 1988. As of March 31, 1993, the loans have not been reimbursed in full.

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

Loans to national governments consist mainly of the loan to the government of the United Kingdom under the *United Kingdom Financial Agreement Act, 1946*, international development assistance to developing countries, and loans for development of export trade (administered by the Export Development Corporation).

Table 6.12 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

TABLE 6.12

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

	April 1/1992	Payments and	Receipts and	March 31/1993
		other charges	other credits	
External Affairs—				
Development of export trade (loans administered by the Export Development Corporation)	802,007,496	486,133,104	319,945,978	968,194,622
Developing countries—Canadian International Development Agency—International development assistance	2,255,077,580	59,594,033	346,477,606	1,968,194,007
Finance—				
China	49,426,118			49,426,118
Jamaica	25,000,000			25,000,000
United Kingdom—				
The United Kingdom Financial Agreement Act, 1946	307,817,614		31,553,903	276,263,711
Deferred principal	94,990,863			94,990,863
	402,808,477		31,553,903	371,254,574
National Defence—				
North Atlantic Treaty Organization—Damage claims recoverable	247,690	50,169	14,442	283,417
Total	3,534,567,361	545,777,306	697,991,929	3,382,352,738

Development of export trade

Pursuant to section 31 of the *Export Development Act*, the Governor in Council may authorize the Corporation to make loans to foreign customers where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Prior to April 1, 1987, these loans were authorized under non-budgetary authority. Since April 1, 1987, interest-free or low interest bearing loans are made under budgetary authority because of their concessional nature. Any similar loans that were issued prior to April 1, 1987 are fully provided for in the allowance for valuation of assets.

The following table presents the balances and transactions for the loans made to national governments, together with their terms and conditions of repayments. The subtotal of budgetary loans includes total payments for concessional loans under both budgetary and non-budgetary authorities. Loans made under budgetary authority are deducted as a lump sum amount under the caption "budgetary treatment".

	Payments and other charges			Receipts and other credits			March 31/1993	
	April 1/1992			Receipts or other credits ⁽¹⁾	Revaluation			
		Payments	Revaluation					
NON-BUDGETARY LOANS—								
(a) 1 to 5 year term, 3.45 percent (libor) to 11 percent interest per annum, with final repayments due between May 1988 and November 1997:								
Ethiopia	3,115,110		137,548	3,127,900			124,758	
Ghana	1,553,676		15,798	1,569,474				
Latvia		9,999,854					9,999,854	
Peru	1,036,324						1,036,324	
Russia		27,779,895					27,762,292	
Sudan	7,729,800		455,613				8,185,413	
Ukraine		40,616,505	1,958,422				42,574,927	
USSR	87,904,082		4,928,527	23,062,625			69,769,984	
	101,338,992	78,396,254	7,495,908	27,759,999			159,453,552	
(b) 6 to 10 year term, 3.45 percent (libor) to 10.5 percent interest per annum, with final repayments between July 2000 and March 2007:								
Argentina	72,320,466	41,117,854	3,359,930	975,102			115,823,148	
Cameroun	6,508,700	456,589	403,454				7,368,743	
Chile	2,599,852						2,187,834	
Ecuador	13,009,851		725,611	1,674,099			12,061,363	
Egypt	8,307,210		478,111	1,249,913			7,535,408	
Gabon	7,906,230	6,892,833	590,467				15,389,530	
Jamaica	86,088,677	174,711	982,874	60,386,816			26,859,446	
Kazakhstan		1,354,410					1,353,442	
Korea	90,086,379						73,419,712	
Morocco	128,051,152	25,573,577	8,372,088				161,996,817	
Romania		111,782,642	3,374,605				115,157,247	
Rwanda	4,728,103	612,796	305,566				5,646,465	
Turkey	13,306,776		601,726	7,377,896			6,530,606	
	432,913,396	187,965,412	19,194,432	88,742,511			551,329,761	
(c) 11 to 15 year term, 3.45 percent (libor) to 11.5 percent interest per annum, with final repayments between July 1996 and January 2007:								
Brazil		13,629,893		365,485	1,392,001		12,603,377	
(d) 16 to 20 year term, 0 percent to 3.5 percent interest per annum, with final repayments between March 2005 and June 2012:								
Mexico		8,399,449		737,364			9,136,813	
Total—Non-budgetary	556,281,730	266,361,666	27,793,189	117,894,511	18,571	732,523,503		
BUDGETARY LOANS⁽²⁾—								
(a) 1 to 15 year term, 2 percent to 8 percent interest per annum, with final repayments between May 1988 and June 2012:								
Argentina	56,095,000						47,465,000	
Egypt	30,633,910	140,774	1,564,639	8,826,734			23,512,589	
Madagascar	22,481,445						23,731,565	
Poland	68,768,781						72,699,435	
Tanzania	33,108,868						35,038,270	
Zambia	9,217,427						9,473,858	
	220,305,431	140,774	8,931,246	17,456,734			211,920,717	
(b) 16 to 20 year term, 0 percent to 3.5 percent interest per annum, with final repayments between March 2005 and June 2012:								
Mexico	25,420,335						23,750,402	
Thailand	29,080,553	5,443,026					34,523,579	
	54,500,888	5,443,026					58,273,981	
(c) 21 to 25 year term, 0.5 percent to 3.5 percent interest per annum, with final repayments between June 2014 and April 2018:								
Algeria	12,680,685		230,752				12,911,437	
Congo	3,408,723						3,408,723	
Indonesia	24,641,682	10,036,200					34,677,882	
	40,731,090	10,266,952					50,998,042	

	Payments and other charges			Receipts and other credits			March 31/1993	
	April 1/1992	Receipts or other credits ⁽¹⁾		Revaluation	Receipts and other credits			
		Payments	Revaluation		\$	\$		
(d) 31 to 55 year term, 0 percent interest per annum, with final repayment in July 2042:								
Cameroon	18,804,194	3,465,282					22,269,476	
China	201,490,397	93,664,451					295,154,848	
Egypt	13,064,331	439,192					13,503,523	
Gabon	5,312,680	3,725,979					9,038,659	
India	46,484,291	2,892,588					49,376,879	
Kenya	6,569,486	2,256,701					8,826,187	
Morocco	106,724,004	11,688,317					118,412,321	
Pakistan	7,564,245	1,029,271					8,593,516	
Turkey		48,034,470					48,034,470	
	406,013,628	167,196,251					573,209,879	
Subtotal—Budgetary	721,551,037	183,047,003	8,931,246	19,126,667			894,402,619	
Less: budgetary treatment	475,825,271			182,906,229			658,731,500	
Total—Budgetary	245,725,766	183,047,003	8,931,246	202,032,896			235,671,119	
Total	802,007,496	449,408,669	36,724,435	319,927,407	18,571		968,194,622	
SUMMARY								
Total—Non-budgetary	556,281,730	266,361,666	27,793,189	117,894,511	18,571		732,523,503	
Total—Budgetary	721,551,037	183,047,003	8,931,246	19,126,667			894,402,619	
Grand total	1,277,832,767	449,408,669	36,724,435	137,021,178	18,571		1,626,926,122	
Less: budgetary treatment	475,825,271			182,906,229			658,731,500	
Total	802,007,496	449,408,669	36,724,435	319,927,407	18,571		968,194,622	

⁽¹⁾ Receipts or other credits may include transactions such as repayments, forgiveness, etc.

⁽²⁾ All non-budgetary loans made prior to April 1, 1987 and fully provided for in the allowance for valuation of assets are included with budgetary loans in this table.

Developing countries—International development assistance

Interest-free or low interest bearing loans have been made through the Canadian International Development Agency to developing countries for international development assistance. Prior to April 1, 1986, these loans were authorized by miscellaneous non-budgetary authorities. Any balances still outstanding at year-end have been fully provided for in the allowance for valuation of assets. Loan payments after March 31, 1986 have been made under various budgetary authorities.

During the year, loans totalling \$181,849,342 were forgiven under the authority of External Affairs Vote 36a, *Appropriation Act No. 3, 1992-93* and further loans of \$55,075,532 were

forgiven under the authority of External Affairs Vote 37c, *Appropriation Act No. 4, 1992-93*.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments. The subtotal of loans to individual countries includes, where applicable, total payments made under both budgetary and non-budgetary authorities. Payments made under budgetary authority to all countries are deducted as a lump sum amount under the caption "budgetary treatment".

All loans have been made in Canadian dollars and are therefore not subject to revaluations for foreign exchange fluctuations.

	April 1/1992	Payments and other charges		Receipts and other credits ⁽¹⁾	March 31/1993
		\$	\$		
(a) 10 year term, 1 year grace period, 5 percent interest per annum, with final repayments between January 2002 and July 2002:					
Egypt			59,594,033		59,594,033
(b) 20 year term, 5 year grace period, 5 percent interest per annum, with final repayments between September 2000 and March 2001:					
Jamaica	4,499,073			4,499,073	
Turkey	15,813,103			1,032,116	14,780,987
	20,312,176			5,531,189	14,780,987
(c) 30 year term, 7 year grace period, 3 percent interest per annum, with final repayments between September 1996 and January 2012:					
Barbados	15,540,524			15,540,524	
Brazil	9,790,327			553,056	9,237,271
Chile	1,188,658			182,859	1,005,799
Colombia	13,660,202			1,228,551	12,431,651
Cuba	9,547,012				9,547,012

	April 1/1992	Payments and other charges	Receipts and other credits ⁽¹⁾	March 31/1993
Dominican Republic	\$ 2,200,001	\$ 528,366	\$ 1,671,635	
Egypt	47,826,088	47,826,088		
Jamaica	32,665,520	32,665,520		
Korea	238,949	43,445	195,504	
Malaysia	7,363,565	431,822	6,931,743	
Peru	337,617		337,617	
Salvador, El	7,650,001		7,650,001	
Trinidad	4,548,730	4,548,730		
Turkey	5,343,479	214,131	5,129,348	
	157,900,673		103,763,092	54,137,581
(d) 35 year term, 5 year grace period, non-interest bearing, with final repayments between April 2001 and November 2005:				
Salvador, El	1,929,127		171,939	1,757,188
(e) 40 year term, 10 year grace period, non-interest bearing, with the final repayment in March 2007:				
Thailand	494,997		33,343	461,654
(f) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria	13,686,138		465,746	13,220,392
Antigua	5,100,001		5,100,001	
Argentina	476,000		18,667	457,333
Barbados	7,917,779		7,917,779	
Belize	10,629,081		10,629,081	
Bolivia	1,271,852		42,395	1,229,457
Brazil	575,138		20,914	554,224
Myanmar (Burma)	8,306,202			8,306,202
Chile	2,568,234		98,062	2,470,172
Colombia	16,395,537		627,192	15,768,345
Costa Rica	23,118,847			23,118,847
Dominica	1,637,913		1,637,913	
Dominican Republic	7,624,964		236,045	7,388,919
Ecuador	9,073,908		304,919	8,768,989
Egypt	57,599,945		57,599,945	
Grenada	743,750		743,750	
Guatemala	3,787,623		20	3,787,603
Guyana	37,205,028		37,205,028	
Honduras	33,015,261			33,015,261
India	643,245,145		18,265,218	624,979,927
Indonesia	258,256,446		5,524,761	252,731,685
Jamaica	56,213,535		56,213,535	
Malaysia	2,383,656		9,907	2,373,749
Malta	800,001		25,021	774,980
Mexico	70,670		2,772	67,898
Montserrat	623,457		623,457	
Morocco	14,691,199			14,691,199
Nicaragua	18,357,040		285,020	18,072,020
Pakistan	544,206,634		10,034,767	534,171,867
Paraguay	499,904		29,994	469,910
Peru	22,518,686		3,736	22,514,950
Philippines	3,837,789		188,554	3,649,235
Salvador, El	1,125,000			1,125,000
St Lucia	452,649		452,649	
St Vincent	982,000		982,000	
Sri Lanka	152,731,073		4,075,399	148,655,674
Thailand	31,494,162		847,121	30,647,041
Trinidad	3,090,302		3,090,302	
Tunisia	107,703,251		3,187,750	104,515,501
	2,104,015,800		226,489,420	1,877,526,380
(g) 53 year term, 13 year grace period, non-interest bearing, with the final repayment in September 2025:				
Algeria	39,220,378		1,245,092	37,975,286
(h) 55 year term, 15 year grace period, non-interest bearing, with the final repayment in September 2036:				
Egypt	9,243,531		9,243,531	
Subtotal	2,333,116,682		346,477,606	2,046,233,109
Less: budgetary treatment	78,039,102			78,039,102
Total	2,255,077,580		346,477,606	1,968,194,007

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

⁽¹⁾ Receipts and other credits may include transactions such as repayments, forgiveness, etc.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment

Facility, and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

China

A loan to China was authorized under the *Export Credits Insurance Act*.

Jamaica

A loan has been made to the Government of Jamaica, to provide economic assistance.

The loan agreement has been amended by the following Rescheduling Agreements:

- (a) the Rescheduling Agreement dated October 18, 1985, provided for the deferment of the principal repayment in the amount of \$5,000,000 due on August 9, 1985;
- (b) the Rescheduling Agreement dated June 4, 1987, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1986 and August 9, 1987; and,
- (c) the Rescheduling Agreement dated July 25, 1989, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1988 and August 9, 1989.

United Kingdom

The United Kingdom Financial Agreement Act, 1946

Under authority of the *United Kingdom Financial Agreement Act, 1946*, a credit of \$1,250,000,000 was extended by the Government of Canada to the government of the United Kingdom to facilitate purchases by the United Kingdom of goods and services in Canada and to assist the government of the United Kingdom in meeting transitional post-war deficits in its current balance of payments, in maintaining adequate reserves of gold and dollars, and in assuming the obligations of multilateral trade. The amount of the credit drawn by December 31, 1951 was to be repaid in 50 annual instalments beginning on that date, with interest at the rate of 2 percent per annum, with the final instalment on December 31, 2000.

Deferred principal

The agreement, as amended in 1957, provides for the deferment of interest in respect of the year 1956 and of seven instalments of principal and interest after December 31, 1956, under certain conditions. Interest for 1956, and interest and principal for 1957, 1964, 1965, 1968 and 1976 were deferred. The maturity of the deferrals is to commence December 31, 2001, and continue until December 31, 2006.

North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

INTERNATIONAL ORGANIZATIONS

This group records Canada's subscriptions to the share capital of international banks and associations. It also includes loans and advances to other international organizations. Table 6.13 groups these subscriptions, loans and advances according to whether they are treated as a non-budgetary asset, or else as a charge to budgetary expenditure.

Canada subscribes to the share capital of a number of international banks and associations, in some cases providing both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investments but are repayable on termination of the organization or withdrawal from it.

Paid-in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to the terms of agreements reached between the organization and the participating countries. Canada's subscriptions to the paid-in capital of these organizations are reported in Table 6.13 as a non-budgetary asset.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. They represent a contingent liability of the Government, and are listed with other contingent liabilities related to international organizations in Table 11.15 (Section 11 of this volume).

The major portion of loans and advances to international organizations is given budgetary treatment, since they are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans and advances for concessionary lending made since April 1, 1986 are charged directly to budgetary appropriations, and are therefore deducted from the asset values at the end of Table 6.13 under the caption "budgetary treatment". Similar loans and advances made prior to April 1, 1986 were authorized by non-budgetary authorities, but are fully provided for in the allowance for valuation of assets.

Table 6.13 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. Table 11.16 (Section 11 of this volume) presents additional information on contingent liabilities and commitments for international organizations that are disclosed in the notes to the audited financial statements in Section 2 of this volume.

TABLE 6.13

INTERNATIONAL ORGANIZATIONS

	April 1/1992	Payments and other charges			Receipts and other credits			March 31/1993
		Participation, note encashments or other charges	Revaluation	Reimbursements, note issuances or other credits	Revaluation			
		\$	\$	\$	\$			
NON-BUDGETARY SHARE CAPITAL, LOANS AND ADVANCES								
Canada's subscriptions to the capital of the—								
African Development Bank	88,676,858		1,755,601					90,432,459
Less: notes payable	173,280	173,280						
Asian Development Bank	88,503,578	173,280	1,755,601					90,432,459
Less: notes payable	164,044,517		65,204					164,109,721
Caribbean Development Bank	3,770,376	3,770,376						
Less: notes payable	160,274,141	3,770,376	65,204					164,109,721
European Bank for Reconstruction and Development	14,550,086	1,067,822	762,682					16,380,590
Less: notes payable	1,448,041				533,912			1,981,953
Inter-American Development Bank	13,102,045	1,067,822	762,682		533,912			14,398,637
Less: notes payable	28,311,289	28,635,064	2,975,876		9,591,842	395,196		59,922,229
Less: notes payable	28,311,289	28,635,064	2,975,876		9,591,842	395,196		9,987,038
International Bank for Reconstruction and Development (World Bank)	163,187,010	9,245,173	9,373,561					49,935,191
Less: notes payable	22,010,678	7,107,792			9,245,173			181,805,744
International Finance Corporation	141,176,332	16,352,965	9,373,561		9,245,173			24,148,059
Less: notes payable								157,657,685
International Monetary Fund—								
Enhanced Structural Adjustment Facility	77,761,417	31,385,927	10,798,473		3,734,400			116,211,417
International organizations and associations—								
Berne Union of the World Intellectual Property Organization	14,893	953						15,846
Customs Co-operation Council	5,642	451						6,093
Food and Agriculture Organization	1,044,421	59,721						1,104,142
General Agreement on Tariffs and Trade	14,866	850						15,716
Intergovernmental Maritime Consultative Organization	1,657	95						1,752
International Atomic Energy Agency	215,828	93,807						309,635
International Civil Aviation Organization	78,080	4,464						82,544
International Labour Organization	70,358	9,118						79,476
Paris Union of the World Intellectual Property Organization	71,321	4,563						75,884
United Nations Educational, Scientific and Cultural Organization	815,275	46,619						861,894
United Nations Industrial Development Organization	336,068	19,217						355,285
United Nations organizations	3,556,454	203,363						3,759,817
World Health Organization	167,436	9,574						177,010
6,392,299	452,795							6,845,094
Total—Non-budgetary	933,619,296	110,280,984	36,076,240		27,713,003	617,519		1,051,645,998
SUMMARY—NON-BUDGETARY								
Participation	964,836,779	99,229,536	36,076,240		8,342,076			1,091,800,479
Less: notes payable	31,217,483	11,051,448			19,370,927	617,519		40,154,481
Total—Non-budgetary	933,619,296	110,280,984	36,076,240		27,713,003	617,519		1,051,645,998

TABLE 6.13

INTERNATIONAL ORGANIZATIONS —Concluded

	April 1/1992	Payments and other charges		Receipts and other credits		March 31/1993
		Participation, note encashments or other charges	Revaluation	Reimbursements, note issuances or other credits	Revaluation	
		\$	\$	\$	\$	
BUDGETARY LOANS AND ADVANCES⁽¹⁾						
Global Environment Facility	3,333,334	3,333,333				6,666,667
Less: notes payable	2,333,334	1,000,000		3,333,333		4,666,667
	1,000,000	4,333,333		3,333,333		2,000,000
International Development Association	3,847,548,061	276,210,000				4,123,758,061
Less: notes payable	1,003,892,700	259,900,000		276,210,000		1,020,202,700
	2,843,655,361	536,110,000		276,210,000		3,103,555,361
International financial institutions—						
African Development Bank	3,593,896			125,000		3,468,896
African Development Fund	929,768,344	108,891,667	5,197,496			1,043,857,507
Less: notes payable	534,739,758	92,144,691		108,891,667		551,486,734
	395,028,586	201,036,358	5,197,496	108,891,667		492,370,773
Andean Development Corporation	3,937,566			125,000		3,812,566
Asian Development Bank—Special	27,027,000					27,027,000
Asian Development Fund	1,132,659,670	90,524,373				1,223,184,043
Less: notes payable	587,501,185	89,219,553		90,524,373		588,806,005
	545,158,485	179,743,926		90,524,373		634,378,038
Caribbean Development Bank—						
Agricultural Development Fund	8,600,000					8,600,000
Caribbean Development Bank—						
Commonwealth Caribbean Regional	4,756,800		277,200			5,034,000
Caribbean Development Bank—Special	83,336,335	11,573,000	869,715			95,779,050
Less: notes payable	24,412,281	2,614,265		11,573,000		33,371,016
	58,924,054	14,187,265	869,715	11,573,000		62,408,034
Central American Bank for Economic Integration	1,950,779			76,500		1,874,279
Inter-American Development Bank—Fund for Special Operations	287,567,137	11,598,564	11,649,330			310,815,031
Less: notes payable	31,081,780			6,610,960		37,692,740
	256,485,357	11,598,564	11,649,330	6,610,960		273,122,291
International Bank for Reconstruction and Development	23,784,000		1,386,000			25,170,000
International Fund for Agriculture Development	90,207,432					90,207,432
Less: notes payable	37,648,403	1,659,731				35,988,672
	52,559,029	1,659,731				54,218,760
International Monetary Fund	13,044,849		760,182			13,805,031
	1,394,850,401	408,225,844	20,139,923	217,926,500		1,605,289,668
Subtotal—Budgetary	4,239,505,762	948,669,177	20,139,923	497,469,833		4,710,845,029
Less: budgetary treatment	2,246,616,788			392,212,057		2,638,828,845
Total—Budgetary	1,992,888,974	948,669,177	20,139,923	889,681,890		2,072,016,184
SUMMARY—BUDGETARY						
Participation	6,461,115,203	502,130,937	20,139,923	326,500		6,983,059,563
Less: notes payable	2,221,609,441	446,538,240		497,143,333		2,272,214,534
	4,239,505,762	948,669,177	20,139,923	497,469,833		4,710,845,029
budgetary treatment	2,246,616,788			392,212,057		2,638,828,845
Total—Budgetary	1,992,888,974	948,669,177	20,139,923	889,681,890		2,072,016,184
GENERAL SUMMARY						
Participation	7,425,951,982	601,360,473	56,216,163	8,668,576		8,074,860,042
Less: budgetary treatment	2,246,616,788			392,212,057		2,638,828,845
Subtotal	5,179,335,194	601,360,473	56,216,163	400,880,633		5,436,031,197
Less: notes payable	2,252,826,924	457,589,688		516,514,260	617,519	2,312,369,015
Total	2,926,508,270	1,058,950,161	56,216,163	917,394,893	617,519	3,123,662,182

⁽¹⁾ Non-budgetary loans and advances made prior to April 1, 1986 and fully provided for in the allowance for valuation of assets are included with budgetary loans and advances in this table.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including External Affairs Vote L45, *Appropriation Acts No. 1 and No. 2, 1992-93*).

At year-end, authority had been granted for subscriptions of 6,300 paid-in shares and 44,100 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1993, Canada's participation to the paid-in capital is \$90,432,459 Cdn for 6,300 paid-in shares. Of these paid-in shares, 2,100 were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.2585 Cdn). During the year, transactions involving paid-in shares included the encashment of notes payable and the adjustment was made at year-end to reevaluate amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$175,651,308 Cdn and \$380,000,250 US for a total value of \$653,881,623 Cdn.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including External Affairs Vote L45, *Appropriation Acts No. 1 and No. 2, 1992-93*).

At year-end, authority had been granted for subscriptions of 11,110 paid-in shares and 81,433 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1993, Canada's participation to the paid-in capital is \$164,109,721 Cdn for 11,110 paid-in shares. Of these paid-in shares, 8,740 were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.2585 Cdn). During the year, transactions involving paid-in shares included the encashment of notes payable and the adjustment was made at year-end to reevaluate amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$439,147,591 US and \$596,976,219 Cdn for a total value of \$1,149,643,462 Cdn.

Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including External Affairs Vote L45, *Appropriation Acts No. 1 and No. 2, 1992-93*).

At year-end, authority had been granted for subscriptions of 2,278 paid-in shares and 8,124 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed. As at March 31, 1993, 277 authorized paid-in shares had not been acquired. It is planned that this subscription will be completed in 1994-95.

As at March 31, 1993, Canada's participation to the paid-in capital is \$16,380,590 Cdn for 2,001 paid-in shares. These shares were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.2585 Cdn). During the year, transactions involving paid-in shares included additional subscriptions made through non-interest bearing notes and in cash. As well, an adjustment was made at year-end to reevaluate amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$32,299,968 US and \$21,019,326 Cdn for a total value of \$61,668,835 Cdn.

European Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development (EBRD), as authorized by the *European Bank for Reconstruction and Development Bank Act*.

At year-end, Canada has subscribed to 34,000 shares, with the paid-in portion accounted for as a proportion of each share. Payments are made using cash and notes payable that are later encashed.

The total value of these shares is \$396,783,400 US, of which 30 per cent is to be paid-in over a five-year period. The rest is subject to call by the Bank under certain circumstances. As at March 31, 1993, Canada has paid \$47,614,007 US and has outstanding notes payable of \$7,935,668 US. These foreign currency balances were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.2585 Cdn).

During the year, transactions involving the paid-in portion included subscriptions in cash and through demand notes, and revaluation adjustments.

Canada's contingent liability for the callable portion of its shares is \$277,748,300 US.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including External Affairs Vote L45, *Appropriation Acts No. 1 and No. 2, 1992-93*).

At year-end, authority had been granted for subscriptions of 12,382 paid-in shares and 208,776 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed. As at March 31, 1993, 600 authorized paid-in shares had not been acquired. It is planned that this subscription will be completed in 1993-94.

As at March 31, 1993, Canada's participation to the paid-in capital is \$181,805,744 Cdn for 11,782 paid-in shares. These shares were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.2585 Cdn). During the year, transactions involving paid-in shares included additional subscriptions made through the issuance of non-interest bearing notes, and the encashment of previous notes payable. As well, an adjustment was made at year-end to revalue amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$2,518,554,662 US for a total value of \$3,169,601,042 Cdn.

International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development (IBRD), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote L10, *Appropriation Acts No. 1 and No. 2, 1992-93*).

As at March 31, 1993, Canada has subscribed to 44,525 shares, with the paid-in portion accounted for as a proportion of each share. The total value of these shares is \$5,371,273,375 US of which \$113,405,821 US plus \$235,082,539 Cdn has been paid-in. The remaining portion is callable. The foreign portion of the payments was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.2585 Cdn). During the year, transactions involving the paid-in portion included additional subscriptions in cash and a revaluation adjustment.

The callable portion is subject to call by the Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$6,382 million US. Under the 1988 General Capital Increase, Canada has the option to subscribe to another 270 shares of the IBRD, evaluated at \$33 million US, representing also a contingent liability.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation (IFC), which is part of the World Bank Group, as authorized by various appropriation acts.

As at March 31, 1993, Canada has subscribed to 53,049 shares of the IFC. These shares have a total value of \$53,049,000 US, all of which has been paid-in. The paid-in amounts were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.2585 Cdn).

During the year, transactions involving paid-in shares included subscriptions in cash and a revaluation adjustment. Under the 1991 General Capital Increase, Canada plans to subscribe to an additional 28,292 shares over the next 4 years, evaluated at \$28 million US, which represents a commitment.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency as authorized by an Act to amend the *Bretton Woods and Related Agreements Act*.

As at March 31, 1993, Canada has subscribed to 2,965 shares, with the paid-in portion accounted for as a proportion of each share. Paid-in shares are purchased using cash and notes payable that are later encashed.

The total value of these shares is \$32,081,300 US, of which \$6,416,260 US is paid-in and the remaining portion is callable. These foreign currency balances were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.2585 Cdn).

During the year, the only transactions involving the paid-in portion were revaluation adjustments.

The callable portion is subject to call by the Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$25,665,040 US.

Common Fund for Commodities

This account was established by External Affairs Vote L47b, *Appropriation Act No. 3, 1980-81*, to make payments and issue guarantees and promissory notes in the current and subsequent fiscal years to purchase shares in the first account of the Common Fund for Commodities in accordance with the terms and conditions of the agreement establishing the Common Fund of Commodities.

Payments, guarantees and promissory notes shall not exceed \$10,380,000 US.

International Tin Council

This account recorded Canada's subscriptions to the International Tin Council, as authorized by previous appropriation acts. The subscriptions were for the investment in the buffer stock previously established and carried forward under the Sixth International Tin Agreement.

During the year, the subscriptions totalling \$4,607,676 were written off by External Affairs Vote 16c, *Appropriation Act No. 4, 1992-93* and the account was closed.

International Monetary Fund—Enhanced Structural Adjustment Facility

This account records the loan to the International Monetary Fund in order to provide assistance to debt distressed, low-income countries as authorized by an Act to amend the *Bretton Woods and Related Agreements Act*.

As at March 31, 1993, Canada has lent SDR 66,065,250 to the Enhanced Structural Adjustment Facility. This amount was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR/\$1.75904 Cdn). During the year, transactions included a loan in cash and a revaluation adjustment.

Canada has also made budgetary contributions towards an interest subsidy amounting to \$18,460,842 US, which do not appear in this table.

International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

Global Environment Facility

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by an Act to amend the *Bretton Woods and Related Agreements Act*. Advances to the Global Environment Facility (GEF) are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included advances made through the issuance of notes payable, as well as the encashment of previous notes payable.

As at March 31, 1993, advances to the GEF amounted to \$6,666,667 Cdn. Outstanding notes payable amounted to \$4,666,667 Cdn.

International Development Association

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote L15, *Appropriation Acts No. 1 and No. 2, 1992-93*). The contributions and subscriptions to the Association, which is part of the World Bank Group, are used to lend funds to developing countries for development purposes, at rates highly favourable to the borrower (no interest, with a 50 year maturity and 10 years of grace). Contributions and subscriptions to IDA are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included participation through the issuance of notes payable, as well as the encashment of previous notes payable.

As at March 31, 1993, Canada's total participation to IDA amounted to \$4,123,758,061 Cdn. Outstanding notes payable amount to \$1,020,202,700 Cdn. It should be noted that subscriptions to the Association represent a very small proportion of Canada's total participation.

International financial institutions

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including External Affairs Vote L40, *Appropriation Acts No. 1 and No. 2, 1992-93*).

In certain cases, loans and advances are made using notes payable that are later encashed. During the year, transactions included loans and advances made in cash and through note issuances, encashments of notes issued in previous years, revaluations for foreign currency fluctuations, and other miscellaneous adjustments.

JOINT AND MIXED ENTERPRISES

Joint and mixed enterprises are entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. This group records and/or reports the Government's loans, investments and advances to such entities. Additional information on these entities is provided in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada.

Under the terms of section 147 of the *Bankruptcy Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

Table 6.14 presents a summary of the balances and transactions for the various types of loans, investments and advances to joint and mixed enterprises.

TABLE 6.14

JOINT AND MIXED ENTERPRISES

	April 1/1992	Payments and other charges	Receipts and other credits	March 31/1993
	\$	\$	\$	\$
Petro-Canada—Finance—				
Capital stock—Common	3,326,354,321			3,326,354,321
Preferred	972,771,853			972,771,853
	4,299,126,174			4,299,126,174
Other—				
Canarctic Shipping Company Limited—Transport				
Cooperative Energy Corporation—Energy, Mines and Resources	57,804,000		57,804,000	
Lower Churchill Development Corporation Limited—Energy, Mines and Resources	14,750,000			14,750,000
National Sea Products Ltd—Finance	59,540,000			59,540,000
North Portage Development Corporation—Western Economic Diversification				
NPM Nuclear Project Managers Canada Inc—Energy, Mines and Resources				
Société du parc industriel et portuaire Québec-Sud—National Health and Welfare—Federal Office of Regional Development-Quebec	400			400
Telesat Canada—Finance	30,000,000		30,000,000	
Total	162,094,400		87,804,000	74,290,400
	4,461,220,574		87,804,000	4,373,416,574

Petro-Canada

Petro-Canada was initially incorporated under the *Canada Business Corporations Act*, to explore for, research, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.

The Corporation undertook a second public offering of treasury shares which closed on December 15, 1992. As of March 31, 1993, the Government's holding of shares represents 70.3 percent ownership of the Corporation.

Canarctic Shipping Company Limited

The Corporation was incorporated under the *Canada Corporations Act*, and continued under the *Canada Business Corporations Act*, to acquire, sell, lease, charter and otherwise deal in and with ships of every description, and to do all other things necessary or incidental thereto.

In 1977-78, 305,996 common shares of Canarctic Shipping Company Limited having a total value of \$305,996, and representing 51 percent of the common shares outstanding, were purchased and charged to budgetary expenditure (Transport Vote 10—Marine operating expenditures). The balance of outstanding shares is owned by North Water Navigation Ltd.

Cooperative Energy Corporation

The Corporation was incorporated under the *Cooperative Energy Act*, to operate an energy corporation whose primary activity is to explore and develop new Canadian oil and gas resources. The Corporation is a holding company whose shareholders are the participating co-operatives and the Government of Canada. The objective of the Government's participation is to bring together a number of co-operative financial, agricultural, service and marketing institutions to participate in the Canadian oil and gas industry.

The Minister of Energy, Mines and Resources may subscribe for, acquire and hold shares and equity debentures of the Corporation for the Government of Canada.

The Government's investment in the capital of the Corporation, as authorized by the *Cooperative Energy Act*, is recorded in this account.

As of March 31, 1993, the Government's investment was made up of 578,040 class B shares.

During the year, the Government received \$57.8 million as a return of capital and \$15.2 million as a dividend.

The Government's holding of shares represents 25 percent controlling interest of the Corporation.

Lower Churchill Development Corporation Limited

The Corporation was incorporated under the *Companies Act* of Newfoundland, to establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.

This account records the Government's investment in the capital of the Corporation. In respect of Canada's participation with the Government of Newfoundland in the development of the hydroelectric power potential of the Lower Churchill River in Labrador, the Government is authorized to purchase approximately 49 percent of the shares of the Lower Churchill Development Corporation Limited.

The Government has purchased 1,475 class A shares, representing 49 percent of the shares outstanding. The balance of the outstanding shares is owned by Newfoundland and Labrador Hydro (an agent of the Government of Newfoundland and Labrador).

National Sea Products Ltd

The Corporation was incorporated under the *Nova Scotia Companies Act*, to process and market fish, seafoods and fish by-products. The objective of the Government's participation is to restructure the Nova Scotia fishery.

Pursuant to the *Atlantic Fisheries Restructuring Act*, the Government has acquired shares in the Corporation. The Government's holding consists of 3,105,952 no par value common shares. This represents 10.56 percent of the shares outstanding.

North Portage Development Corporation

The Corporation was incorporated under the *Manitoba Corporations Act*, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3 percent of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

NPM Nuclear Project Managers Canada Inc

The Corporation was incorporated under the *Canada Business Corporations Act*, to manage nuclear projects and construction. The objective of the Government's participation is to transfer this activity from Atomic Energy of Canada Ltd to the private sector.

The Government has purchased 60 no par value common shares. The purchase cost of these shares was charged to a budgetary vote.

The Government's holding of shares represents 17.14 percent of the shares outstanding. The balance of the outstanding shares is owned by three private sector corporations.

Société du parc industriel et portuaire Québec-Sud

The Corporation was incorporated by a Special Act of the Government of Quebec, to develop and implement plans and programs for an industrial complex, using the infrastructure of the Quebec harbour, and contributing to the development of that same infrastructure.

The Government has purchased 400 common shares of the Corporation at \$1 per share. This represents 40 percent of the authorized shares. The balance of the outstanding shares is owned by the Government of Quebec.

Telesat Canada

The Corporation was incorporated by the *Telesat Canada Act*, to establish multi-purpose satellite telecommunication systems.

The Corporation has been sold and the proceeds were credited to non-tax revenue.

**MISCELLANEOUS LOANS,
INVESTMENTS AND ADVANCES**

This group records loans, investments and advances not classified elsewhere.

Table 6.15 presents a summary of the balances and transactions for the various types of miscellaneous loans, investments and advances.

TABLE 6.15**MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES**

	April 1/1992	Payments and other charges		March 31/1993
		\$	\$	
Loans and accountable advances—				
External Affairs—				
Missions abroad	13,473,185	722,766,806	724,981,144	11,258,847
Personnel posted abroad	9,381,264	10,966,023	9,959,152	10,388,135
	22,854,449	733,732,829	734,940,296	21,646,982
National Defence—				
Imprest accounts, standing advances and authorized loans	32,079,734	717,791,317	720,936,899	28,934,152
Supply and Services—				
Miscellaneous accountable advances	7,705,167	8,915,891	10,048,623	6,572,435
Miscellaneous accountable imprest and standing advances	9,372,323	1,282,430	1,163,416	9,491,337
	17,077,490	10,198,321	11,212,039	16,063,772
Total loans and accountable advances	72,011,673	1,461,722,467	1,467,089,234	66,644,906
Other miscellaneous—				
Agriculture—				
Construction of multi-purpose exhibition buildings	16,831,121		876,762	15,954,359
Atlantic Canada Opportunities Agency—				
Loans to assist industry in the Cape Breton area	3,442,816			3,442,816
Loans to enterprises in Newfoundland and Labrador	5,269,282		443,365	4,825,917
	8,712,098		443,365	8,268,733
Communications—				
Cultural industries	7,000,000	7,500,000		14,500,000
Cultural property	3,003		997	2,006
	7,003,003	7,500,000	997	14,502,006
Employment and Immigration—				
Transportation and assistance loans	69,857,874	7,669,044	16,795,865	60,731,053
Energy, Mines and Resources—				
Hibernia Development Project		6,786,284		6,786,284
Hydro-Quebec Research Institute	8,258,377		943,412	7,314,965
Joint venture—Bi-Provincial Upgrader—				
Investment	401,063,654	116,103,363		517,167,017
Operating shortfall		13,300,000		13,300,000
	409,322,031	136,189,647	943,412	544,568,266
External Affairs—				
Development of export trade (loans administered by the Export Development Corporation)	34,108,442	1,921,738	2,386,414	33,643,766
Finance—				
Air Canada	48,002,576		31,429,274	16,573,302
Canadian Commercial Bank	66,810,666			66,810,666
Ottawa Civil Service Recreational Association	153,019		8,600	144,419
	114,966,261		31,437,874	83,528,387
Fisheries and Oceans—				
Canadian producers of frozen groundfish	188,315			188,315
Groundfish processors	85,725			85,725
Haddock fishermen	1,348,485		147	1,348,338
	1,622,525		147	1,622,378
Indian Affairs and Northern Development—				
Council for Yukon Indians	11,789,395	1,200,000		12,989,395
Eskimo loan fund	1,960,105		226,623	1,733,482
Indian economic development fund	19,677,145	200,953	1,224,802	18,653,296
Indian housing assistance fund	869,286		170,638	698,648
Inuvialuit Regional Corporation	83,809,000			83,809,000
Native claimants	193,202,472	24,703,721	1,220,169	216,686,024
Yukon Energy Corporation	49,250,000		1,400,000	47,850,000
	360,557,403	26,104,674	4,242,232	382,419,845

TABLE 6.15

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES—Concluded

	April 1/1992	Payments and other charges	Receipts and other credits	March 31/1993
	\$	\$	\$	\$
Industry, Science and Technology—				
Canadian defence industry	1,223,665		85,500	1,138,165
Company stock option				
Manufacturing, processing and service industries in Canada	110,000,000 111,223,665	15,000,000 15,000,000	15,000,000 15,085,500	110,000,000 111,138,165
Labour—				
Provincial workers' compensation boards	7,988,000	75,000		8,063,000
National Defence—				
Canadian Forces housing projects	11,365,527		976,521	10,389,006
National Health and Welfare—Federal Office of Regional Development—Quebec—				
Industrial and regional development program	947,917			947,917
Public Works—				
Sydney Steel Corporation	5,218,162		5,218,162	
Solicitor General—Correctional Service—				
Parolees	23,565	27,550	16,170	34,945
Supply and Services—				
Canadian Commercial Bank	15,189,000		15,189,000	
Defence production loan account	26,324,007 41,513,007		24,600,000 39,789,000	1,724,007 1,724,007
Transport—				
Hamilton Harbour Commissioners	425,000		50,000	375,000
Saint John Harbour Bridge Authority	30,895,397 31,320,397		406,786 456,786	30,488,611 30,863,611
Veterans Affairs—				
Commonwealth War Graves Commission	58,878		1,926	56,952
Veterans' Land Act Fund—				
Advances	47,250,675	2,906,039	15,229,114	34,927,600
Less: allowance for conditional benefits	10,720	5,600		5,120
	47,239,955 1,279,879,831	2,911,639 197,399,292	15,229,114 133,900,247	34,922,480 1,343,378,876
Add: consolidation adjustment ⁽¹⁾	566,424,000		553,417,000	13,007,000
Total other miscellaneous	1,846,303,831	197,399,292	687,317,247	1,356,385,876
Total	1,918,315,504	1,659,121,759	2,154,406,481	1,423,030,782

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Missions abroad

Non-interest bearing advances have been made for interim financing of expenditures at missions abroad, pending distribution to appropriations of External Affairs and other departments and agencies.

The total amount authorized to be outstanding at any time is \$50,000,000.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is \$22,500,000.

The closing balance consists of loans to employees, \$8,147,779; advances for medical expenses, \$1,254,493; security and other deposits under Foreign Service Directives, \$569,658; and, school and club debentures, \$416,205.

The loans to employees bear interest at rates from 9 percent to 14 percent per annum, and are repayable over 4 years, with final instalments between April 1, 1993 and March 1, 1997.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: (a) public funds imprest and public funds advance accounts; (b) standing advances; (c) authorized loans and advances to employees posted abroad; and, (d) authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is \$100,000,000.

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is \$22,000,000.

Construction of multi-purpose exhibition buildings

Loans have been made to finance the construction of multi-purpose exhibition buildings.

The loans bear interest at rates from 7.432 percent to 9.684 percent per annum, and are repayable over 20 to 30 years, with final instalments between October 31, 1993 and October 1, 2006.

Loans to assist industry in the Cape Breton area

Loans have been made for the purpose of promoting the establishment, growth, efficiency and international competitiveness of Canadian industry or to assist them in their financial restructuring and to foster the expansion of Canadian trade to a person engaged or about to engage in a manufacturing, processing or service industry in the Cape Breton area.

The loans bear interest at rates from 11 percent to 13.75 percent per annum, and are repayable at various dates, with final instalments by December 12, 1992. As of March 31, 1993, the loans have not been reimbursed in full.

Loans to enterprises in Newfoundland and Labrador

Loans have been made to provide financing to small and medium-sized businesses in Newfoundland.

These loans originated from the Newfoundland and Labrador Development Corporation Limited, of which Canada owned 40 percent of the shares. In an agreement dated March 29, 1989, the Newfoundland government purchased Canada's shares to effect the withdrawal of the Government of Canada from the Corporation. A condition of the withdrawal was that the Government of Canada accept these loans as full payment of moneys owing by the Corporation to Canada. These loans are currently being administered by the Enterprise Newfoundland Labrador on behalf of the Government of Canada.

These loans bear interest at rates from 10 percent to 17 percent per annum, and are repayable at various dates, with final instalments by April 1, 1999.

Cultural industries

Loans have been made to Canadian owned and controlled firms in cultural industries to encourage the growth of the Canadian book publishing, film and video and sound recording industries.

During the year, loans were authorized by Communications Vote L25, *Appropriation Acts No. 1 and No. 2, 1992-93*.

These loans bear no interest and will only have to be repaid if the program is terminated.

Cultural property

Loans have been made to institutions and public authorities in Canada, for the purchase of objects in respect of which export permits have been refused under the *Cultural Property Export and Import Act*, or for the purchase of cultural property situated outside Canada which is related to the national heritage.

Although authority for additional loans was provided by Communications Vote L20, *Appropriation Acts No. 1 and No. 2, 1992-93*, no loans were made during the year. The total loan authority is \$10,000 per year.

The remaining loan bears interest at the rate of 10.455 percent per annum, repayable over 5 years, with the final instalment on September 30, 1993.

Transportation and assistance loans

Section 119 of the *Immigration Act* authorizes the making of loans to immigrants and other such classes of persons.

The total amount authorized to be outstanding at any time is \$110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

(a) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, bearing interest at rates from 6 percent to 15 percent per annum, with final instalments between April 1, 1993 and April 1, 2000, \$2,052,901 and,

(b) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, non-interest bearing, with final instalments between April 1, 1993 and April 1, 2000, \$58,678,152.

During the year, loans totalling \$491,759 were written off by Employment and Immigration Vote 16c, *Appropriation Act No. 4, 1992-93*.

Hibernia Development Project

In accordance with the *Hibernia Development Project Act*, the Government, through Canada Hibernia Holding Corporation, a wholly-owned subsidiary of Canada Development Investment Corporation, acquired an 8.5 percent interest in the Hibernia Development Project.

During the year, payments totalling \$6,786,284 were made to the Canada Hibernia Holding Corporation to cover Canada's equity interest as authorized by Energy, Mines and Resources Vote L32c, *Appropriation Act No. 4, 1992-93*.

Hydro-Quebec Research Institute

Loans have been made to the Hydro-Quebec Research Institute, guaranteed by the Province of Quebec, to provide financial assistance for construction and operation of the Institute.

The loans bear interest at rates from 7.187 percent to 7.937 percent per annum, and are repayable in equal annual instalments over 25 years, with the final instalment on March 25, 1999.

Joint venture—Bi-Provincial Upgrader

The Government of Canada entered into a joint venture agreement with the Provinces of Alberta and Saskatchewan and Husky Oil Operations Ltd for the sole purpose of constructing and operating the Bi-Provincial Upgrader to be located near Lloydminster, Saskatchewan. The project facility will be used to upgrade heavy oil and crude bitumen.

Investment

The Government's equity interest in the joint venture is equal to 31.58 percent of the initial Class A equity interests, 38.38 percent of the additional Class A equity interests, 33.33 percent of the Class B equity interests, 31.67 percent of the Class C equity interests, 38.38 percent of the Class D equity interests, and 38.38 percent of the Class E equity interests.

During the year, additional investment payments were authorized by Energy, Mines and Resources Votes L15 and L15a, *Appropriation Acts No. 1, No. 2 and No. 3, 1992-93*.

As of March 31, 1993, the Government's total investment is \$520.3 million. Of this amount, \$3.1 million has been charged to budgetary expenditure (Vote 5) in 1988-89.

Operating shortfalls

Payments were authorized by Energy, Mines and Resources Vote L20, *Appropriation Acts No. 1 and No. 2, 1992-93*, to cover operating shortfalls. As of March 31, 1993, \$13.3 million was

provided to fund Canada's share (31.7 percent) of operating shortfalls.

Development of export trade

Pursuant to section 31 of the *Export Development Act*, the Governor in Council may authorize the Corporation to make loans where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Prior to April 1, 1987, these loans were made under non-budgetary authority. Since April 1, 1987, interest-free or low interest bearing loans are made under budgetary authority because of their concessional nature. Any similar loans that were issued prior to April 1, 1987 are fully provided for in the allowance for valuation of assets.

The following table presents the balances and transactions for the loans made to the private sector, together with their terms and conditions of repayments. The subtotal of loans to the private sector includes, where applicable, total payments made under both budgetary and non-budgetary authorities. Total payments made under budgetary authority are deducted as a lump sum amount under the caption "budgetary treatment".

	Payments and other charges			Receipts and other credits			March 31/1993
	April 1/1992	Disbursements	Revaluation	Receipts or other credits ⁽¹⁾	Revaluation		
	\$	\$	\$	\$	\$	\$	\$
(a) 1 to 5 year term, 8.5 percent to 9.5 percent interest per annum, with final repayments between July 1986 and April 1995:							
Brazil	5,343,892		440,165	715,118			5,068,939
Nigeria	82,939						82,939
	5,426,831		440,165	715,118			5,151,878
(b) 11 to 15 year term, 8.5 percent interest per annum, with final repayments between October 1983 and September 2001:							
Antigua	13,657,807		15,545	684,714			12,988,638
Zambia	150,111						150,111
	13,807,918		15,545	684,714			13,138,749
(c) 16 to 20 year term, 0 percent interest per annum, with final repayments in June 2012:							
Thailand	24,317,497	1,466,028					25,783,525
(d) 40 year term, 0 percent interest per annum, with final repayment in March 2036:							
Antigua	15,278,392						15,278,392
Subtotal	58,830,638	1,466,028	455,710	1,399,832			59,352,544
Less: budgetary treatment	24,722,196			986,582			25,708,778
Total	34,108,442	1,466,028	455,710	2,386,414			33,643,766

⁽¹⁾ Receipts or other credits may include transactions such as repayments, forgiveness, etc.

Air Canada

The Corporation was established by the *Air Canada Act*, and continued under the *Canada Business Corporations Act*, to provide scheduled domestic and international air services to North America, the British Isles, continental Europe and the Caribbean.

The loan bears interest at the rate of 7.243 percent per annum, and is repayable in semi-annual instalments over 15 years, with the final instalment on April 13, 1993.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank (the Government of Canada's share is \$60 million) and the purchase of outstanding debentures from existing holders (\$6.8 million).

Ottawa Civil Service Recreational Association

Loans have been made to the Ottawa Civil Service Recreational Association, to assist in the building and development of the W Clifford Clark Memorial Centre.

The remaining loan bears interest at the rate of 4.25 percent per annum, and is repayable in equal semi-annual instalments over 45 years, with the final instalment due September 30, 2005.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987.

Groundfish processors

Loans have been made to assist processors of groundfish in Canada, who, as determined by the Fisheries Prices Support Board, are unable to obtain sufficient financing on reasonable terms from other sources, to maintain raw fish prices, i.e. prices to primary producers, at the 1966-67 level. The loans bear interest at the rate of 8.75 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1984. No loan repayments nor interest were received since November 1982.

Loans, in the amount of \$3,000,000, have also been made to ice-affected fish plants in Newfoundland, Labrador and North Shore, Quebec, to provide advances for working capital assistance to Canadian producers of groundfish products in Newfoundland and Quebec, who were affected by severe ice conditions in May and June 1974. The loans bear interest at rates from 8 percent to 10 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1985.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is \$1,650,000.

The loans bore interest at the rate of 8 percent per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. Parliamentary authority is required to write off the balance.

Council for Yukon Indians

Loans have been made to the Council for Yukon Indians, to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indians land claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Votes L25 and L25a, *Appropriation Acts No. 1, No. 2 and No. 3, 1992-93*.

The loans are repayable in full upon settlement of land claims, and are non-interest bearing before an Agreement-in-Principle for the settlement of a claim is reached.

Eskimo loan fund

Loans have been made to individual Eskimos or groups of Eskimos, to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Eskimos, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Eskimos.

The total amount authorized to be outstanding at any time is \$7,072,000.

The loans bear interest at rates from 5 percent to 19.5 percent per annum, and are repayable over 1 to 15 years, with final instalments between April 1, 1993 and February 2, 2004.

Indian economic development fund

Loans have been made for the purposes of economic development of Indians, to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The loans bear interest at rates from 5 percent to 21 percent per annum, and are repayable over 4 months to 15 years, with final instalments between April 1, 1993 and April 1, 2008.

Indian housing assistance fund

Second mortgage loans have been made to provide financial assistance to Indians and Inuit, for the construction and acquisition of houses and land, in areas other than Indian reserves. The purposes of the account were extended to authorize loans and advances to Indians and Inuit, for repairs or improvements to houses at time of purchase, in areas other than Indian reserves.

The total amount authorized to be outstanding at any time is \$20,000,000.

The loans are non-interest bearing, and are repayable in full by equal annual instalments or forgiveness, or, when the borrower sells the property. Whenever certain conditions of occupancy and maintenance are satisfied, instalments are forgiven at the rate of 10 percent per annum for up to 10 years.

During the year, \$138,586 was forgiven under the authority of Northern Affairs and National Resources Vote L51a, *Appropriation Act No. 9, 1966*.

Inuvialuit Regional Corporation

A loan has been made to the Inuvialuit Regional Corporation pursuant to section 6 of the *Western Arctic (Inuvialuit) Claims Settlement Act* to meet the monetary obligations of the Government under section 15(4) of the agreement dated June 5, 1984, between the Committee for Original Peoples' Entitlement representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada.

The total loan authority is \$30,000,000 per year as long as the total outstanding loans do not exceed \$83,809,000.

The loan bears interest at the rate of 8 percent per annum, calculated semi-annually, not in advance, and any accrued interest or loans outstanding, exceeding \$85,652,000 are repayable on December 31, 1993.

Native claimants

Loans have been made to native claimants, to defray the costs related to the research, development and negotiation of claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Vote L20, *Appropriation Acts No. 1 and No. 2, 1992-93*.

The terms and conditions of the loans are as follows:

- (a) loans made before an Agreement-in-Principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an Agreement-in-Principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled, or on a date fixed in the agreement, which shall be not later than March 31, 2002, whichever date is earlier.

Yukon Energy Corporation

In accordance with section 4(2) of the *Northern Canada Power Commission Yukon Assets Disposal Authorization Act*, the Northern Canada Power Commission (formerly a Crown corporation) transferred its assets in the Yukon Territory to the Yukon Energy Corporation effective March 31, 1987.

Loans have been made to assist the Yukon Energy Corporation in acquiring the Northern Canada Power Commission Yukon Assets pursuant to section 7(1) of the *Northern Canada Power Commission Yukon Assets Disposal Authorization Act*.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) loans in the amount of \$13,600,000 bear interest at the rate of 9 percent per annum, are repayable in equal principal annual instalments of \$400,000 plus interest, with the final principal instalment on March 31, 1997 of \$12,400,000 plus interest; and,
- (b) loans in the amount of \$34,250,000 bear interest at the rate of 7 percent per annum, are repayable in equal principal annual instalments of \$1,000,000 plus interest with the final instalment on January 1, 2028. The instalment is subject to certain principal deferral and interest abatement provisions depending on the sales volume of electrical power.

Canadian defence industry

Advances have been made to assist Canadian defence industry with plant modernization.

The advances are non-interest bearing, and are repayable over 1 to 4 years, with instalments due between January 15, 1994 and July 1, 1997.

Company stock option

Pursuant to section 15 of the *Department of Industry, Science and Technology Act*, this account establishes authority, in accordance with terms and conditions prescribed by regulations of the Governor in Council,

- (a) to take, purchase, exercise, assign or sell, on behalf of Her Majesty in Right of Canada, a stock option in a company in connection with the provision of a loan, insurance of a loan, or contribution made to the company by Her Majesty under a program authorized by the Governor in Council where, in the opinion of the Minister,
 - (i) it is necessary to take, purchase, exercise, assign or sell the stock option in order to permit Her Majesty in Right of Canada to benefit from the purchase; or
 - (ii) it is necessary to take, purchase, exercise, assign or sell, the stock option in order to protect the Crown's interest in respect of a loan made or insured, or contribution made; and
- (b) to authorize the sale or other disposition of any capital stock acquired.

During the year, additional purchases were authorized by Industry, Science and Technology Vote L10, *Appropriation Acts No. 1 and No. 2, 1992-93*.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

During the year, an additional loan was authorized by Industry, Science and Technology Vote L15, *Appropriation Acts No. 1 and No. 2, 1992-93*.

The remaining loan is interest free unless it is in default, and is repayable at maturity on April 1, 2017.

Provincial workers' compensation boards

This account is operated under the authority of section 4(6) of the *Government Employees Compensation Act*, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

Canadian Forces housing projects

Advances have been made to the Canada Mortgage and Housing Corporation, in respect of loans arranged by the Corporation for housing projects for occupancy by members of the Canadian Forces.

The loans bear interest at rates from 4 percent to 5.75 percent per annum, and are repayable over 35 to 48 years, with final instalments between August 1, 1996 and November 1, 2010.

Industrial and regional development program

Loans have been made to firms and industries to help them adjust to changing competitive conditions and to produce new, more viable and competitive products and services.

The remaining loan bears interest at the rate of 10 percent per annum, and is repayable between June 24, 1993 and January 24, 1999.

Sydney Steel Corporation

Loans were made to Sydney Steel Corporation, for the construction of wharf facilities at Sydney, Nova Scotia. The total loan authority is \$6,000,000.

During the year, loans totalling \$5,218,162 were forgiven by Public Works Vote 6c, *Appropriation Act No. 4, 1992-93* and the account was closed.

Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is \$50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter. The repayment of a loan or any part thereof may be forgiven by the Solicitor General, if certain conditions are met.

During the year, loans totalling \$8,845 were written off by Solicitor General Vote 16c, *Appropriation Act No. 4, 1992-93*.

Canadian Commercial Bank

This account represented the amount the Receiver General for Canada had on deposit with the Canadian Commercial Bank at the time the Bank ceased operation on September 1, 1985. This amount has been fully recovered and the account was closed.

Defence production loan account

This account was established under section 18 of the *Defence Production Act*, to record loans or advances for any purpose other than to assist in the construction, acquisition, extension or improvement of capital equipment or works by any person.

Section 19 of the *Defence Production Act* stated that the aggregate of expenditures charged to the Defence Production Revolving Fund (budgetary account), and to this account, shall not at any time exceed by more than \$100,000,000 the aggregate of amounts:

- (a) received from the sale or disposition of materials, substances or defence supplies;
- (b) charged to another appropriation in respect of costs of acquisition, storage, maintenance or transportation of stocks of materials or substances purchased, or of stocks of defence supplies acquired, where such materials, substances or defence supplies may be acquired under that appropriation;
- (c) charged to an appropriation or paid by an agent of Her Majesty or by an associated government, to pay costs incurred in respect of defence supplies, payment for which was made out and charged to the Defence Production Revolving Fund; and,
- (d) received in repayment of a loan or advance previously charged to this account.

The balance in the account represents a repayment of \$1.7 million owed to this account by CAE Aircraft, which is in dispute concerning the date when repayment is due. Legal counsel is of the opinion that no loss to the Government will be incurred.

During the year, loans totalling \$24.6 million issued to Expro Chemical Products Inc. were forgiven by Supply and Services Vote 2c, *Appropriation Act No. 4, 1992-93*.

Hamilton Harbour Commissioners

Loans have been made to the Hamilton Harbour Commissioners, to assist in the development of the harbour.

The total amount authorized to be outstanding at any time is \$4,000,000.

The remaining loan bears interest at the rate of 4.125 percent per annum, and is repayable in semi-annual instalments over 39 years, with the final instalment on January 15, 2004.

Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year.

On April 1, 1990, a new agreement was signed. This agreement called for the consolidation of all debts into one non-interest bearing loan. The Authority will remit excess funds from the operation of the bridge to the Government on an annual basis to repay the debt.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

Veterans' Land Act Fund

Advances

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is \$605,000,000.

Allowance for conditional benefits

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to budgetary expenditure and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

ALLOWANCE FOR VALUATION

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

SECTION 7

1992-93 PUBLIC ACCOUNTS

Specified Purpose Accounts

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SPECIFIED PURPOSE ACCOUNTS

Specified purpose accounts represent the recorded value of the financial obligations of the Government in its role as administrator of certain public moneys received or collected for specified purposes, under or pursuant to the legislation, trusts, treaties, undertakings or contracts. These public moneys may be paid out only for the purposes specified in or pursuant to the legislation, trusts, treaties, undertakings or contracts.

Because of the dedicated purposes of these moneys, specific accounts are required to be maintained to provide an accounting mechanism to ensure that the moneys are used only for the purposes for which they were received or collected. Legislation relating to some accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

Chart A presents the total specified purpose accounts by category for the current fiscal year, while Chart B compares the total specified purpose accounts for the last five fiscal years. Table 7.1 presents the transactions and year-end balances of specified purpose accounts by category.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

The financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Auditor General's reports thereon, are presented at the end of this section.

CHART A SPECIFIED PURPOSE ACCOUNTS (in millions of dollars)

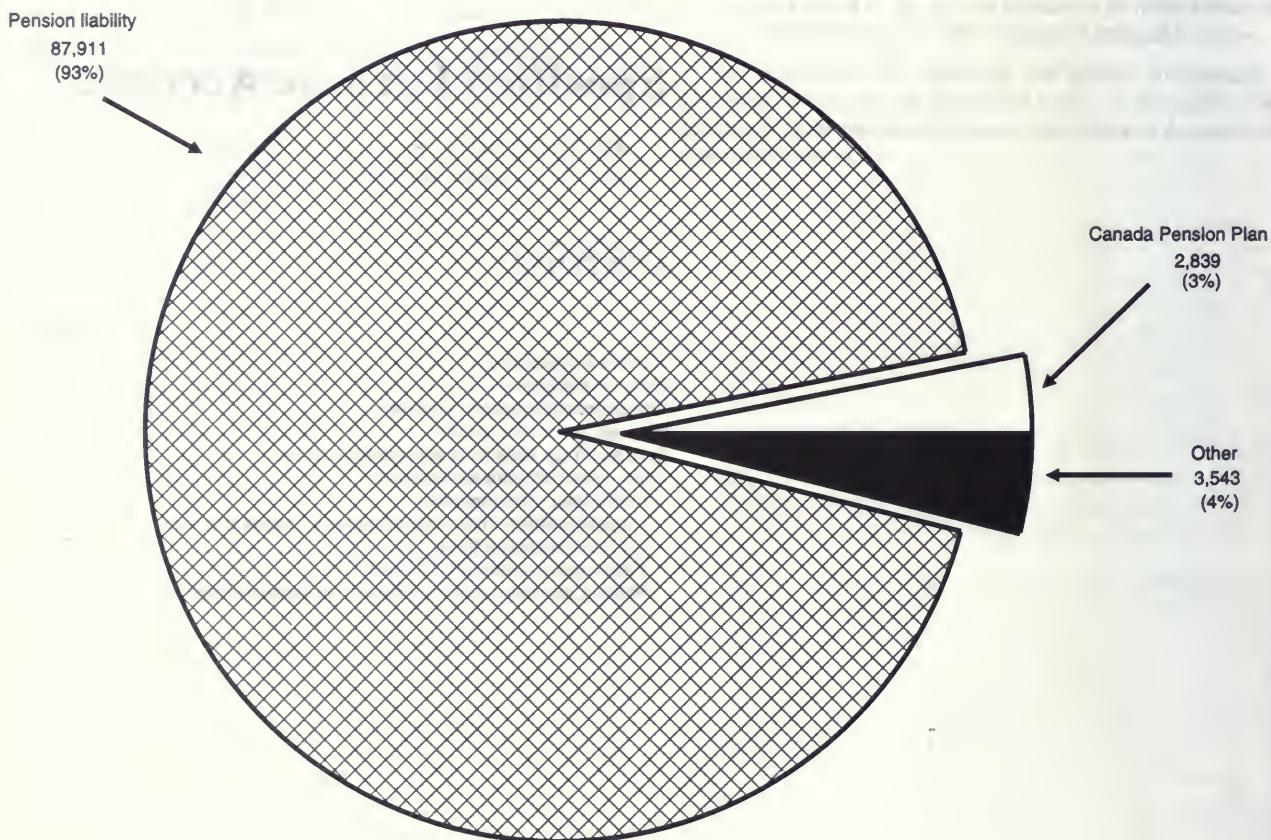


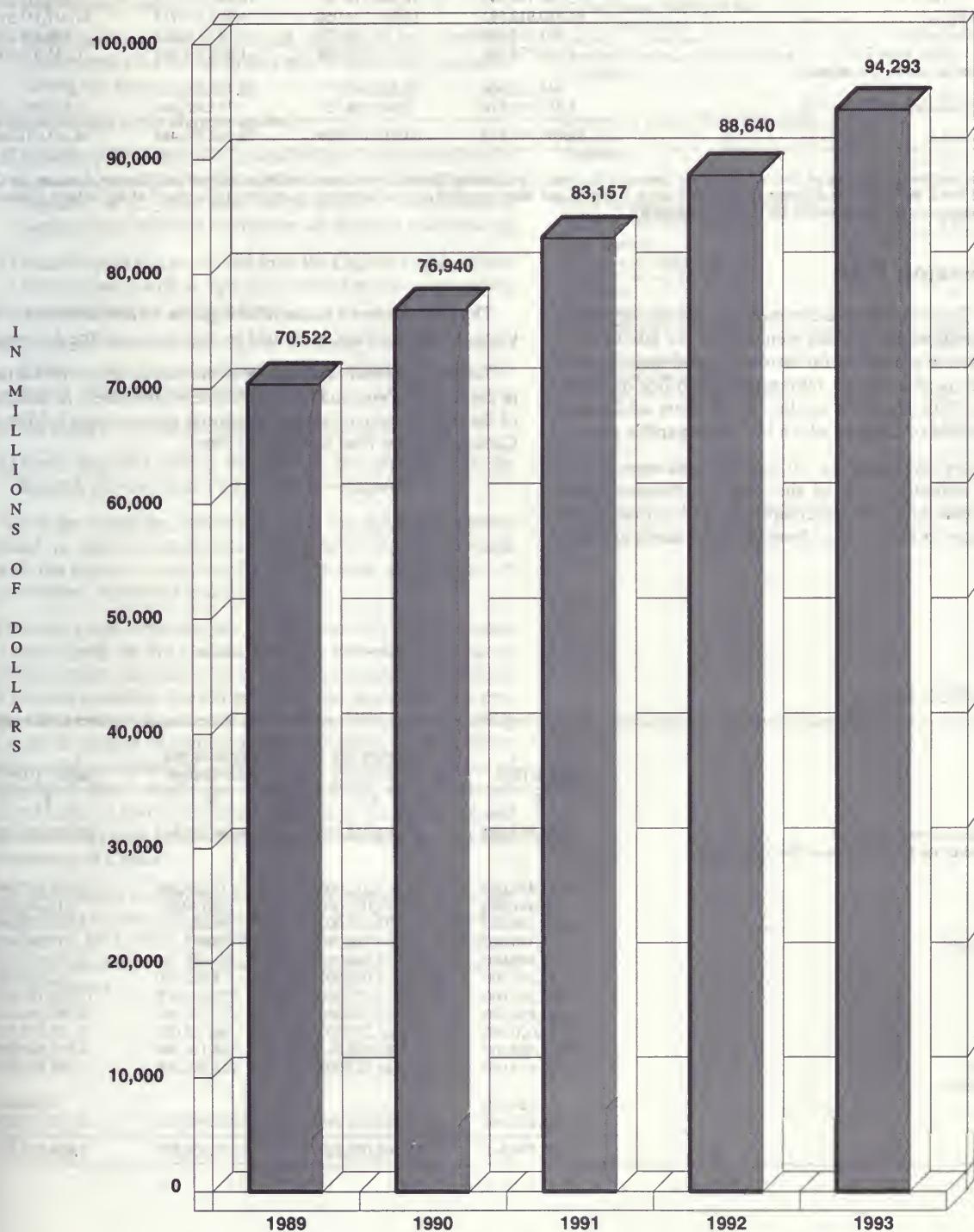
CHART B
SPECIFIED PURPOSE ACCOUNTS

TABLE 7.1

SPECIFIED PURPOSE ACCOUNTS

	April 1/1992	Receipts and other credits	Payments and other charges	March 31/1993
	\$	\$	\$	\$
Canada Pension Plan, Table 7.2	3,180,798,343	14,508,070,110	14,849,850,833	2,839,017,620
Pension liability, Table 7.4	81,880,912,582	10,983,774,050	4,953,574,715	87,911,111,917
Government Annuities Account	821,536,566	54,171,571	97,272,911	778,435,226
Deposit and trust accounts, Table 7.12	1,102,722,796	1,052,620,434	1,012,268,683	1,143,074,547
Provincial tax collection agreements account, Table 7.15	343,658,308	56,132,542,373	56,476,200,681	
Other specified purpose accounts, Table 7.16	1,310,769,078	1,083,988,721	773,365,663	1,621,392,136
Total	88,640,397,673	83,815,167,259	78,162,533,486	94,293,031,446

Note: The balances and the transactions of the Unemployment Insurance Account, the Canadian Ownership Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts are reported in Section 5 of this volume (Table 5.6) since the transactions in these accounts are treated as budgetary.

Canada Pension Plan

The Canada Pension Plan is a compulsory contributory social insurance program which enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. Established in 1965, the Plan applies in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all benefits and expenses incurred in the administration of the plan are financed from contributions made by employees, employers and self-employed persons, and from interest earned from the investment of funds.

The Government's financial obligation, as administrator of the Canada Pension Plan, is limited to the balance in the Account.

Table 7.2 presents a summary of the balances and transactions in the Canada Pension Plan Account less investment in securities of the federal, provincial and territorial governments held by the Canada Pension Plan Investment Fund.

TABLE 7.2

CANADA PENSION PLAN

	April 1/1992	Receipts and other credits	Payments and other charges	March 31/1993
	\$	\$	\$	\$
Canada Pension Plan Account, Table 7.3	42,047,091,343	13,491,852,110	13,366,850,833	42,172,092,620
Less: securities held by the Canada Pension Plan Investment Fund —				
Canada	3,501,439,000	7,112,000	11,118,000	3,505,445,000
Newfoundland	804,431,000	19,000,000	28,770,000	814,201,000
Nova Scotia	1,507,188,000	74,282,000	55,808,000	1,488,714,000
Prince Edward Island	174,340,000	3,786,000	6,971,000	177,525,000
New Brunswick	1,089,989,000	28,787,000	41,673,000	1,102,875,000
Quebec	142,241,000	8,000,000	8,602,000	142,843,000
Ontario	17,623,267,000	536,357,000	775,272,000	17,862,182,000
Manitoba	2,081,850,000	57,362,000	73,373,000	2,097,861,000
Saskatchewan	1,734,010,000	43,237,000	62,705,000	1,753,478,000
Alberta	4,723,362,000	96,783,000	196,110,000	4,822,689,000
British Columbia	5,480,450,000	141,512,000	222,598,000	5,561,536,000
Northwest Territories	3,726,000			3,726,000
Yukon Territory	38,866,293,000	1,016,218,000	1,483,000,000	39,333,075,000
Operating balance	3,180,798,343	14,508,070,110	14,849,850,833	2,839,017,620

Receipts and other credits include:

- (a) contributions at the combined employer and employee rates of 4.8 percent and 5.0 percent for the 1992 and 1993 calendar years, subject to maximum combined contributions of \$1,392 and \$1,505 respectively;
- (b) interest received from the securities of the Canada Pension Plan Investment Fund, and from the average daily operating balance; and,
- (c) funds received from the federal, provincial and territorial governments for the securities which have been redeemed during the year.

Payments and other charges include:

- (a) benefits paid under the Canada Pension Plan as retirement pensions, survivors' benefits paid to widows, widowers and orphans, or as lump sum death benefits, and disability pensions and benefits to children of disabled contributors;
- (b) benefits paid and recovered from the Canada Pension Plan, in accordance with an agreement with a province providing a comprehensive pension plan;
- (c) payments that are required to be charged to the Canada Pension Plan Account, in accordance with reciprocal agreements with other countries;
- (d) the costs of administration of the Plan; and,
- (e) funds invested during the year in the securities of the federal, provincial and territorial governments.

When the operating balance exceeds the estimated amount required to meet all payments in the following three-month period, the excess is available for the purchase of securities of the provinces, territories and Canada.

Provinces and territories are advised monthly of the amount of excess funds in the Canada Pension Plan Account that is available for the purchase of provincial and territorial securities. The amount available to each province and territory is the proportion that contributions made to the Plan during the preceding ten years in respect of employment in the province or territory bears to total contributions. Contributions received in respect of employment from employees outside Canada as well as any excess funds not invested in the securities of the provinces and territories are invested in the special non-marketable bonds of the Government of Canada.

Certain federal employees, such as members of the Canadian Armed Forces, who are resident in the Province of Quebec, contribute to the Canada Pension Plan. The securities of Quebec which are purchased by the Plan relate to the contributions of these employees.

TABLE 7.3

CANADA PENSION PLAN ACCOUNT
(in millions of dollars)

	1992-93	1991-92
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees, employers and self-employed	8,993	8,391
Interest on investments	4,270	4,170
Interest on average daily operating balance	229	293
	13,492	12,854
PAYMENTS AND OTHER CHARGES—		
Benefits	13,199	11,793
Expenses	168	134
	13,367	11,927
Excess of receipts and other credits over payments and other charges	125	927
Funds applied—		
Purchase of bonds—		
Provincial and territorial	1,472	2,068
Federal	11	16
Decrease in deposits with Receiver General	-342	-278
	1,141	1,806
Less: funds provided—		
Redemption of bonds—		
Provincial and territorial	1,009	873
Federal	7	6
	1,016	879
Net increase	125	927
Balance at beginning of year	42,047	41,120
Balance at end of year	42,172	42,047

Pension Liability

The pension liability represents the Government's obligations for its major pension plans. An allowance account is used to record any shortfall or excess between the pension liability and the superannuation accounts balances as determined on an actuarial basis for accounting purposes.

The Government sponsors defined benefit pension plans for substantially all its full-time employees, principally members of the Public Service, the Canadian Forces and the Royal Canadian Mounted Police. It also has obligations for several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges.

The legislation provides that all pension obligations arising from these plans be met but separate funds are not maintained.

i. Pension plans

Employee pension plans

Basic pensions for the three major employee plans are generally based on the best six consecutive years' average earnings and are accrued at 2 percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pensions are indexed annually (on January 1) to the cost of living.

Employee contributions for these benefits are 7 1/2 percent of pay, less contributions to the Canada or Quebec Pension Plan. Employer contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. In 1992-93, the employer contribution rates averaged about 1.2, 2.3 and 1.9 times the current year's employee contribution for the plans of the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, respectively.

The *Public Service Superannuation Act* also covers the employees of certain Crown corporations, agencies and other institutions. Crown corporations covered by the *Public Service Superannuation Act* need only match their employees' contribution; any actuarial deficiency is borne by the Government.

Contributions are credited to the superannuation accounts. The accounts earn interest at rates that are based on the Government of Canada long-term bond rate. The interest rate earned by the accounts was about 11 percent for both 1992 and 1993.

Members of Parliament retiring allowances

Members of Parliament are eligible to receive a basic retiring allowance upon termination of membership after having contributed to the plan for at least six years. The basic allowance is based on the best six year average sessional indemnity and is accrued at a rate of 5 percent and 3 percent of these average indemnities for Members of the House of Commons and for Senators, respectively. Basic allowances are indexed annually (on January 1) to the cost of living.

Members' contributions for these benefits are 11 percent for Members of the House of Commons and 7 percent for Senators. The Government contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions expressed as a multiple of Members' contributions, are as follows:

	1993	1992
Members of Parliament		
House of Commons		
Retiring allowances prior to January 1992	1.00	
Retirement allowances account	2.44	2.43
Retirement compensation arrangements	7.73	7.68
The Senate		
Retiring allowances prior to January 1992	1.00	
Retirement allowances account	1.50	1.48
Retirement compensation arrangements	2.66	2.63

Contributions are credited to the appropriate superannuation accounts. The accounts earn interest at a rate of 2 1/2 percent per quarter.

Pension plan for federally appointed judges

This plan provides fully-indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan lacks an explicit accrual rate for benefits instead, the full benefit amount is generally payable when the member reaches age 65 and completed 15 years of pensionable service.

Judges appointed to the bench before February 17, 1975 make required contributions of 1.5 percent of salary. All other judges make contributions of 7 percent of salary. No specified purpose account is maintained for this pension plan. Benefits are included in the Statement of Revenue and Expenditure as a component of other transfer payments.

ii. Actuarial valuations

As required under the *Public Pensions Reporting Act*, actuarial valuations are performed triennially on the five major pension plans using the projected benefit method pro-rated on services as specified in their respective Acts.

The most recent actuarial valuation for each pension plan was prepared as follows:

- Public Service—December 31, 1989;
- Canadian Forces—December 31, 1990;
- Royal Canadian Mounted Police—December 31, 1989;
- Federally appointed judges—December 31, 1991;
- Members of Parliament—December 31, 1991.

As at March 31, 1993, the actuarial valuation reports for the pension plan for federally appointed judges and the Members of Parliament retiring allowances were not tabled before Parliament.

In accordance with the legislation governing the major pension plans, the President of the Treasury Board has the authority to direct that any actuarial deficiency found will be divided into equal instalments and credited to the appropriate account over a period not exceeding fifteen years commencing in the year in which the actuarial report is laid before Parliament. In the current year, no actuarial deficit was credited to the appropriate accounts.

Table 7.4 presents a summary of the balances and transactions for the pension liability. Receipts and other credits for the superannuation accounts consist of contributions from employees, related contributions from the Government and participating

Public Service corporations, transfers from other pension funds, other contributions related to actuarial liability adjustments for basic pension accounts and interest. Payments and other charges for the superannuation accounts consist of annuities payments for pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions, and transfers to other plans. Adjustments to the allowance account result from annual actuarial valuations performed for accounting purposes.

Table 7.5 presents a summary of transactions in the superannuation accounts that resulted in charges to budgetary expenditure.

TABLE 7.4

PENSION LIABILITY

	April 1/1992	Receipts and other credits	Payments and other charges	March 31/1993
	\$	\$	\$	\$
Superannuation accounts—				
Public Service Superannuation Account, Table 7.6	46,314,228,582	6,693,190,900	2,422,661,223	50,584,758,259
Canadian Forces Superannuation Account, Table 7.7	27,244,686,027	3,535,190,596	1,201,232,868	29,578,643,755
Royal Canadian Mounted Police Superannuation Account, Table 7.8	4,890,969,763	713,684,714	113,197,689	5,491,456,788
Members of Parliament Retiring Allowances Account, Table 7.9	199,829,636	23,667,623	9,830,667	213,666,592
Members of Parliament Retirement Compensation Arrangements Account, Table 7.10	3,185,053	13,393,052	6,581,440	9,996,665
Supplementary Retirement Benefits Account, Table 7.11	28,013,521	4,647,165	70,828	32,589,858
	78,680,912,582	10,983,774,050	3,753,574,715	85,911,111,917
Allowance for the actuarial liability for pensions	3,200,000,000		1,200,000,000	2,000,000,000
Total	81,880,912,582	10,983,774,050	4,953,574,715	87,911,111,917

TABLE 7.5

SUMMARY OF TRANSACTIONS IN SUPERANNUATION ACCOUNTS THAT RESULTED IN CHARGES TO BUDGETARY EXPENDITURE
(in millions of dollars)

	1992-93					1991-92
	Government contributions	Actuarial liability adjustment	Statutory payments under Supplementary Retirement Benefits Act	Interest	Total	
Superannuation accounts—						
Public Service Superannuation Account	763		4,988	5,751	5,720	
Canadian Forces Superannuation Account	424		2,922	3,346	3,127	
Defence Services Pension Continuation Act		37		37		
Royal Canadian Mounted Police Superannuation Account	120		533	653	583	
Royal Canadian Mounted Police Continuation Act		21		21	21	
Members of Parliament Retiring Allowances Account	2		20	22	165	
Members of Parliament Retirement Compensation Arrangements Account	11		1	12	3	
Supplementary Retirement Benefits Account	1		2	3	3	
	1,321	58	8,466	9,845	9,622	
Adjustment to the allowance for the actuarial liability for pensions				-1,200	-1,500	
Total				8,645	8,122	

Public Service Superannuation Account

This account is operated under the *Public Service Superannuation Act*.

No actuarial liability adjustment was made in 1992-93 (\$506 million in 1991-92) as a result of actuarial reviews.

TABLE 7.6

PUBLIC SERVICE SUPERANNUATION ACCOUNT

	1992-93	1991-92
	\$	\$
Opening balance	46,314,228,582	41,961,113,537
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Government employees	584,943,020	558,507,834
Retired employees	32,725,783	32,014,676
Public Service corporation employees	160,700,775	153,576,338
Employer contributions—		
Government	762,865,661	620,625,319
Public Service corporations	158,024,918	151,564,678
Transfers from other pension funds	5,755,670	15,602,473
Interest	4,988,175,073	4,593,450,098
Actuarial liability adjustment		506,000,000
	6,693,190,900	6,631,341,416
	53,007,419,482	48,592,454,953
PAYMENTS AND OTHER CHARGES—		
Annuities	2,292,104,819	2,148,832,993
Cash termination allowances	463,972	508,958
Minimum benefits	14,399,124	15,153,376
Returns of contributions—		
Government employees	48,539,933	61,694,672
Public Service corporation employees	26,465,959	29,689,752
Transfers to other pension funds	40,687,416	22,346,620
	2,422,661,223	2,278,226,371
Closing balance	50,584,758,259	46,314,228,582

Canadian Forces Superannuation Account

This account is operated under the *Canadian Forces Superannuation Act*.

No actuarial liability adjustment was made in either 1991-92 or 1992-93 as a result of actuarial reviews.

TABLE 7.7

CANADIAN FORCES SUPERANNUATION ACCOUNT

	1992-93	1991-92
	\$	\$
Opening balance	27,244,686,027	25,067,152,000
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel	185,257,851	188,005,055
Contributions by the Government	423,759,900	400,946,458
Interest	2,921,607,858	2,725,806,050
Other	4,564,987	3,809,374
	3,535,190,596	3,318,566,937
	30,779,876,623	28,385,718,937
PAYMENTS AND OTHER CHARGES—		
Pensions and retiring allowance payments	1,169,133,608	1,113,037,251
Cash termination allowances and returns of contributions	31,304,241	26,444,132
Transfers to Public Service Superannuation Account (Treasury Board)	795,019	1,551,527
	1,201,232,868	1,141,032,910
Closing balance	29,578,643,755	27,244,686,027

Royal Canadian Mounted Police Superannuation Account

This account is operated under the *Royal Canadian Mounted Police Superannuation Act*.

No actuarial liability adjustment was made in either 1991-92 or 1992-93 as a result of actuarial reviews.

TABLE 7.8

ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACCOUNT

	1992-93	1991-92
	\$	\$
Opening balance	4,890,969,763	4,346,155,730
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel (current and arrears)	61,107,566	59,668,934
Transfers from other pensions funds	490,674	580,035
Contributions by the Government	119,666,571	105,447,126
Interest	532,419,903	477,534,058
	713,684,714	643,230,153
	5,604,654,477	4,989,385,883
PAYMENTS AND OTHER CHARGES—		
Annuities and allowance payments	110,696,480	96,293,899
Return of contributions payments	1,880,084	1,768,773
Cash termination allowance payments, returns of contributions and gratuities	187,764	15,804
Transfers to other pension funds	172,151	103,242
Interest on returns of contributions	261,210	234,402
	113,197,689	98,416,120
Closing balance	5,491,456,788	4,890,969,763

Members of Parliament Retiring Allowances Account

This account was established by the *Members of Parliament Retiring Allowances Act*, to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the Senate or the House of Commons. Benefits are also available to the surviving spouse and/or dependent children of Members who served on or after April 9, 1963 and contributed under the Act.

TABLE 7.9

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACCOUNT

	1992-93	1991-92
	\$	\$
Opening balance	199,829,636	31,361,092
RECEIPTS AND OTHER CREDITS—		
Transfer from the Supplementary Retirement Benefits Account ⁽¹⁾		9,941,788
Members' contributions—		
Current	945,274	1,932,606
Arrears of principal, interest and mortality insurance	97,246	127,652
Government contributions—		
Current	2,131,335	2,220,659
Interest	20,493,768	3,440,449
Actuarial liability adjustment		158,000,000
	23,667,623	175,663,154
	223,497,259	207,024,246
PAYMENTS AND OTHER CHARGES—		
Annual allowances	9,813,446	7,187,271
Withdrawal allowances	16,873	7,339
Interest on withdrawals	348	
	9,830,667	7,194,610
Closing balance	213,666,592	199,829,636

(1) An Act to amend certain Acts in relation to pensions and to enact the *Special Retirement Arrangements Act* and the *Pension Benefits Division Act* authorized this transfer effective January 1, 1992.

Members of Parliament Retirement Compensation Arrangements Account

This account was established by the *Members of Parliament Retirement Compensation Arrangements Act*, to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to the surviving spouse and/or dependent children of Members.

TABLE 7.10

MEMBERS OF PARLIAMENT RETIREMENT COMPENSATION ARRANGEMENTS ACCOUNT

	1992-93	1991-92
	\$	\$
Opening balance	3,185,053	
RECEIPTS AND OTHER CREDITS—		
Members' contributions—		
Current	1,548,519	396,201
Government contributions—		
Current	11,038,414	2,798,902
Interest	806,119	
	13,393,052	3,195,103
	16,578,105	3,195,103
PAYMENTS AND OTHER CHARGES—		
Annual allowances	61,148	10,050
Refundable tax remitted to Revenue Canada	6,516,391	
Other amounts payable	3,901	
	6,581,440	10,050
Closing balance	9,996,665	3,185,053

Supplementary Retirement Benefits Account

This account was established by the *Supplementary Retirement Benefits Act*, to provide for pension benefits increases resulting from changes in the Consumer Price Index.

As at April 1, 1991, the balances in the Supplementary Retirement Benefits Account for the Public Service, the Canadian Forces and the Royal Canadian Mounted Police were transferred to their respective superannuation account. The balance of the Supplementary Retirement Benefits Account for Members of

Parliament was transferred to the Members of Parliament Retiring Allowances Account as at January 1, 1992. The authority for these transfers was provided by an Act to amend certain Acts in relation to pensions which received Royal Assent on September 29, 1992.

The Account will continue to provide for the payments of increased pension benefits resulting from indexation for pensions of life senators, federally appointed judges, and recipients of pensions under various Continuation Acts and other Acts.

TABLE 7.11
SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT

	Royal Canadian Mounted Police		Parliament		Others ⁽¹⁾		Total	
	1992-93	1991-92	1992-93	1991-92	1992-93	1991-92	1992-93	1991-92
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	4,209,090	3,885,950	63,642	9,029,123	23,740,789	19,793,054	28,013,521	32,708,127
RECEIPTS AND OTHER CREDITS—								
Employee contributions— Government			2,316	231,867	1,196,275	1,062,054	1,198,591	1,293,921
Matching contributions— Government			2,316	217,196	1,196,305	1,062,054	1,198,621	1,279,250
Interest	328,743	339,825	5,150	644,045	1,916,060	1,864,546	2,249,953	2,848,416
	328,743	339,825	9,782	1,093,108	4,308,640	3,988,654	4,647,165	5,421,587
	4,537,833	4,225,775	73,424	10,122,231	28,049,429	23,781,708	32,660,686	38,129,714
PAYMENTS AND OTHER CHARGES—								
Annuities	15,912	16,685			100,522	54,916	40,919	70,828
Returns of contributions— Government					16,279			16,279
Transfer to superannuation accounts ⁽²⁾					9,941,788			9,941,788
	15,912	16,685			10,058,589	54,916	40,919	70,828
Closing balance	4,521,921	4,209,090	73,424	63,642	27,994,513	23,740,789	32,589,858	28,013,521

⁽¹⁾ Includes all federally appointed judges, lieutenant governors and diplomatic services.

⁽²⁾ An Act to amend certain Acts in relation to pensions and to enact the *Special Retirement Arrangements Act* and the *Pension Benefits Division Act* authorized this transfer effective January 1, 1992.

Allowance for the Actuarial Liability for Pensions

This account records any shortfall or excess of the superannuation accounts over the pension liability.

As a result of the annual actuarial valuations for accounting purposes, an adjustment was required to the allowance to reflect a reduction of \$1,200 million (\$1,500 million in 1992) for the amortization of estimation adjustments due to experience gains and losses and changes in actuarial assumptions leaving \$12,400 million (\$9,368 million in 1992) to be amortized in future years.

The following table provides details of the allowance for valuation for the actuarial liability for pensions as at March 31:

	(in millions of dollars)	
	1993	1992
Allowance, beginning of year	3,200	4,700
<i>Less: adjustment from pension legislation</i>	<i>664</i>	
amortization of estimation adjustments	1,200	836
Allowance, end of year	2,000	3,200

Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and items transferred from previous years' revenue to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed items transferred to non-tax revenue. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenue.

Deposit and Trust Accounts

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain moneys that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability.

Table 7.12 presents a summary of the balances and transactions in deposit and trust accounts.

TABLE 7.12

DEPOSIT AND TRUST ACCOUNTS

	April 1/1992	Receipts and	Payments and	March 31/1993
		other credits	other charges	
Deposit accounts—		\$	\$	\$
Agriculture—				
Canadian Dairy Commission account	20,313,371	659,536,673	661,586,890	18,263,154
Guarantee deposits	928	2,400	141	3,187
	20,314,299	659,539,073	661,587,031	18,266,341
Communications—				
Canadian Museum of Civilization—				
Deposit account ⁽¹⁾	1,854,644	52,740	1,907,083	301
Payroll account	1,854,644	16,163,713	16,153,300	10,413
		16,216,453	18,060,383	10,714
Canadian Museum of Nature—				
Deposit account ⁽¹⁾	1,281,644	847,599	2,138,686	-9,443
National Gallery of Canada—				
Deposit account ⁽¹⁾	2,944,479	637,508	3,581,987	
Less: securities held in trust ⁽¹⁾	1,000	1,000		
	2,943,479	638,508	3,581,987	
Purchase of works of art for the collections ⁽¹⁾	417,003	3,000,000	3,417,003	
National Museum of Science and Technology—				
Deposit account ⁽¹⁾	620,860	216,565	837,425	
Less: securities held in trust ⁽¹⁾	1,000	1,000		
	619,860	217,565	837,425	
	7,116,630	20,920,125	28,035,484	1,271

TABLE 7.12

DEPOSIT AND TRUST ACCOUNTS—Continued

	April 1/1992	Receipts and other credits	Payments and other charges	March 31/1993
	\$	\$	\$	\$
Employment and Immigration—				
General security deposits	11,776	110,000		121,776
Immigration guarantee fund	10,149,786	7,516,027	5,857,372	11,808,441
Less: securities held in trust	50,000		5,000	45,000
	10,099,786	7,516,027	5,852,372	11,763,441
	10,111,562	7,626,027	5,852,372	11,885,217
Energy, Mines and Resources—				
Guarantee deposits—Oil and gas	33,597,277	27,900	28,213,677	54,115,500
Less: securities held in trust	18,789,509	13,405,909	28,213,677	5,383,600
	14,807,768	13,433,809	28,213,677	27,900
External Affairs—				
Fairs and missions	274,644	1,523,517	1,517,566	280,595
Finance—				
Canada Development Investment Corporation—				
Canadair Limited	15,500,000		5,500,000	10,000,000
Crown corporations' surplus moneys—				
St Lawrence Seaway Authority, The	13,000,000		5,500,000	13,000,000
	28,500,000			23,000,000
Indian Affairs and Northern Development—				
Field British Columbia and Yukon Operations of the				
Northern Canada Power Commission	1,081,540		11,219	1,070,321
Guarantee deposits	4,869,179	1,452,516	1,370,677	4,951,018
Less: securities held in trust	4,456,725	777,139	427,365	4,106,951
	412,454	2,229,655	1,798,042	844,067
Guarantee deposits—Oil and gas	15,652,417			15,652,417
Less: securities held in trust	15,425,772			15,425,772
	226,645			226,645
Guarantee deposits—Reserve resources	578,781	28,162	53,639	553,304
	2,299,420	2,257,817	1,862,900	2,694,337
Industry, Science and Technology—				
Canada Post Corporation account	-54,713,480	54,713,480		
Justice—				
Supreme Court of Canada—				
Security for costs	223,526	34,098	7,539	250,085
Tax Court of Canada—				
Security for costs		7,720		7,720
	223,526	41,818	7,539	257,805
National Revenue—				
Customs and Excise—				
Guarantee deposits	7,282,462	2,826,227	1,748,785	8,359,904
Less: securities held in trust	4,299,300	1,139,500	1,074,500	4,364,300
	2,983,162	3,965,727	2,823,285	4,125,604
Temporary deposits received from importers	902,678		174,448	728,230
Less: deposits in special bank accounts	902,678	174,448	174,448	728,230
	2,983,162	4,140,175	2,997,733	4,125,604
Public Works—				
Harbourfront capital account ⁽¹⁾	150,981	304,312	303,201	152,092
Supply and Services—				
Contractors' security deposits (departments and agencies)—				
Bonds	12,322,152	16,000,966	4,188,887	24,134,231
Less: securities held in trust	12,322,152	4,171,887	15,983,966	24,134,231
	20,172,853		20,172,853	
Cash	17,863,569	16,118,222	17,112,767	16,869,024
Certified cheques	1,830,995	175,248	175,248	1,655,747
Less: securities held in trust	1,830,995	175,248	175,248	1,655,747
	17,863,569	36,466,323	37,460,868	16,869,024
Total	49,932,081	800,966,476	773,338,371	77,560,186
Less: consolidation adjustment ⁽¹⁾	7,267,611	7,114,248		153,363
Total deposit accounts	42,664,470	808,080,724	773,338,371	77,406,823

TABLE 7.12

DEPOSIT AND TRUST ACCOUNTS—Concluded

	April 1/1992	Receipts and other credits	Payments and other charges	March 31/1993
	\$	\$	\$	\$
Trust accounts—				
Finance—				
Halifax 1917 explosion pension account	630,051	33,373	97,809	565,615
Less: securities held in trust	100,000	100,000		
	530,051	133,373	97,809	565,615
Indian Affairs and Northern Development—				
Indian band funds—				
Capital accounts, Table 7.13	753,329,423	73,458,390	63,617,101	763,170,712
Revenue accounts, Table 7.14	95,903,590	104,092,468	104,404,564	95,591,494
	849,233,013	177,550,858	168,021,665	858,762,206
Indian estate accounts	18,992,903	4,298,326	15,267,864	8,023,365
Less: securities held in trust	1,813	1,700		113
	18,991,090	4,300,026	15,267,864	8,023,252
Indian savings accounts	164,537,826	26,922,669	16,437,847	175,022,648
	1,032,761,929	208,773,553	199,727,376	1,041,808,106
National Defence—				
Estates—Armed services	260,458	2,557,675	2,179,280	638,853
Solicitor General—				
Canadian Security Intelligence Service—				
Meritorious graduate awards	18,152	1,057		19,209
Scholastic awards	18,417	1,027	3,000	16,444
Correctional Service—				
Inmates' trust fund	5,783,249	24,268,295	24,186,270	5,865,274
Royal Canadian Mounted Police—				
Benefit trust fund	2,498,004	252,659	192,572	2,558,091
	8,317,822	24,523,038	24,381,842	8,459,018
Veterans Affairs—				
Administered trust accounts	16,089,638	5,156,507	9,186,051	12,060,094
Estates fund	910,335	2,723,575	2,580,002	1,053,908
Less: securities held in trust	20			20
	910,315	2,723,575	2,580,002	1,053,888
Veterans administration and welfare trust fund	1,190,113	671,989	777,952	1,084,150
Less: securities held in trust	2,000			2,000
	1,188,113	671,989	777,952	1,082,150
	18,188,066	8,552,071	12,544,005	14,196,132
Total trust accounts	1,060,058,326	244,539,710	238,930,312	1,065,667,724
Total deposit and trust accounts	1,102,722,796	1,052,620,434	1,012,268,683	1,143,074,547

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Canadian Dairy Commission account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*, and uses the Consolidated Revenue Fund for banking purposes. This account was established by section 15 of the *Canadian Dairy Commission Act*, to record the Government's liability to the Commission.

Guarantee deposits—Agriculture

This account was established to record bonds deposited as guarantees required by the *Canada Agricultural Products Standards Act* and the *Licensing and Arbitration Regulations*.

Deposit account—Canadian Museum of Civilization

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received by the Canadian Museum of Civilization by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with section 9(1)(l) of the *Museums Act*. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation.

During the year, interest was credited to the account and charged to interest on public debt.

Payroll account

The Canadian Museum of Civilization is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*.

This account records the Government's liability to the Corporation.

Deposit account—Canadian Museum of Nature

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received by the Canadian Museum of Nature by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with section 12(s) of the *Museums Act*. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation.

During the year, interest was credited to the account and charged to interest on public debt.

The debit balance in this account is the result of a processing delay and will be cleared in the new fiscal year.

Deposit account—National Gallery of Canada

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received by the National Gallery of Canada by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with section 6(1)(l) of the *Museums Act*. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation. Securities in connection with this account consisted of a Government of Canada marketable bond bequeathed by the late Hugh de T Glazebrook.

During the year, interest was credited to the account and charged to interest on public debt.

Purchase of works of art for the collections

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds for the purchase of works of art for the collections. These funds provide the means to acquire, when opportunities arise, historically important, unique and high quality works that strengthen the collections.

Deposit account—National Museum of Science and Technology

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received by the National Museum of Science and Technology by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with section 15(1)(m) of the *Museums Act*. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation.

Securities in connection with this account consisted of a Government of Canada marketable bond given by the late J. Dalzell McKee.

During the year, interest was credited to the account and charged to interest on public debt.

General security deposits

This account was established pursuant to section 21 of the *Financial Administration Act*, to receive general security deposits from transportation companies in accordance with section 92(1) of the *Immigration Act*.

Immigration guarantee fund

This account was established by sections 18, 23, 92 and 103 of the *Immigration Act*, to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown.

Guarantee deposits—Oil and gas—Energy, Mines and Resources

This account was established pursuant to section 21 of the *Financial Administration Act*, to record securities in the form of cash, promissory notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with section 74 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Fairs and missions

This account was established pursuant to section 21 of the *Financial Administration Act*, to record deposits which may be refunded, in part or in total, in accordance with contractual agreements concerning the participation of Canadian sector enterprises at international trade fairs.

Canadair Limited—Canada Development Investment Corporation

This account was established pursuant to section 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Canadair and demand for payment by Bombardier pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with the sale of the shares of Canadair.

Crown corporations' surplus moneys

These accounts were established pursuant to section 129(1) of the *Financial Administration Act*, to record moneys received from Crown corporations as directed by the Minister of Finance with the concurrence of the appropriate Minister. Interest can be paid in accordance with and at rates fixed by the Minister of Finance with the approval of the Governor in Council.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits—Indian Affairs and Northern Development

This account was established pursuant to section 21 of the *Financial Administration Act*, to record cash and securities deposited as guarantees for oil, mineral and timber rights and licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act*, section 13(3) of the *Northern Inland Waters Act* and various regulations under the *Territorial Lands Act*. Interest is not allowed on cash deposits.

Guarantee deposits—Oil and gas—Indian Affairs and Northern Development

This account was established pursuant to section 21 of the *Financial Administration Act*, to record securities in the form of cash, promissory notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with section 74 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Guarantee deposits—Reserve resources

This account was established pursuant to section 21 of the *Financial Administration Act*, to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, in accordance with the various regulations made under section 57 of the *Indian Act*.

Canada Post Corporation account

The Canada Post Corporation is a Crown corporation listed in Part II of Schedule III of the *Financial Administration Act*.

This account recorded the Government's liability to the Corporation.

During the year, this account was closed.

Security for costs—Supreme Court of Canada

This account was established pursuant to section 21 of the *Financial Administration Act*, to record security to the value of \$500 deposited by the Appellant with the Registrar of the Supreme Court of Canada in accordance with section 60(1)(b) of the *Supreme Court Act*. As per section 66 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Security for costs—Tax Court of Canada

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgement of the Court.

Guarantee deposits—Customs and Excise

This account was established pursuant to section 21 of the *Financial Administration Act*, to record cash and securities required to guarantee payment of customs duties and excise taxes on imported goods, and of sales and excise taxes payable by licensees pursuant to the *Customs Act* and the *Excise Tax Act*.

Temporary deposits received from importers

This account was established pursuant to section 21 of the *Financial Administration Act*, to record temporary security deposits received from importers to ensure compliance with various departmental (Customs and Excise) regulations regarding temporary entry of goods.

Harbourfront capital account

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received from and held for Harbourfront Corporation regarding moneys derived from the capitalized leasing, sale or resale of lands or development rights.

During the year, interest was credited to the account and charged to interest on public debt.

Contractors' security deposits

This account was established pursuant to section 21 of the *Financial Administration Act*, to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

During the year, interest was credited to the account and charged to interest on public debt.

Halifax 1917 explosion pension account

This account was established by section 5(1) of the *Halifax Relief Commission Pension Continuation Act*, to provide for the continuation of pensions, grants and allowances following the dissolution of the Halifax Relief Commission.

During the year, interest was credited to the account and charged to interest on public debt.

Indian band funds

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

During the year, interest was credited to the account and charged to interest on public debt.

TABLE 7.13

INDIAN BAND FUNDS—CAPITAL ACCOUNTS

	1992-93	1991-92
	\$	\$
Opening balance	753,329,423	756,503,519
RECEIPTS AND OTHER CREDITS—		
Oil royalties	11,487,710	12,620,153
Gas royalties	32,247,739	30,982,796
British Columbia agreement	161,806	238,407
Land and other claim settlements		1,434,189
Sundries	29,561,135	5,375,121
	73,458,390	50,650,666
	826,787,813	807,154,185
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	4,640,298	6,142,506
Transfer pursuant to Section 64 of the Indian Act	39,831,483	46,255,894
Sundries	19,145,320	1,426,362
	63,617,101	53,824,762
Closing balance	763,170,712	753,329,423

TABLE 7.14

INDIAN BAND FUNDS—REVENUE ACCOUNTS

	1992-93	1991-92
	\$	\$
Opening balance	95,903,590	103,103,939
RECEIPTS AND OTHER CREDITS—		
Government interest	70,691,267	79,234,909
Land and other claim settlements	20,629,101	12,624,500
Sundries	12,772,100	12,791,722
	104,092,468	104,651,131
	199,996,058	207,755,070
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	606,125	11,234,888
Transfer pursuant to Section 69 of the Indian Act	99,004,277	96,557,446
Sundries	4,794,162	4,059,146
	104,404,564	111,851,480
Closing balance	95,591,494	95,903,590

Indian estate accounts

These accounts were established pursuant to section 21 of the *Financial Administration Act*, to record the estates of deceased Indians, minor Indian children who have guardians, or mentally incompetent Indians pursuant to sections 42 to 51 of the *Indian Act*.

During the year, interest was credited to the accounts and charged to interest on public debt.

Indian savings accounts

These accounts were established pursuant to section 21 of the *Financial Administration Act*, to record the savings accounts maintained for individual Indians pursuant to section 52 of the *Indian Act*.

During the year, interest was credited to the accounts and charged to interest on public debt.

Estates—Armed services

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the service estates of deceased members of the Canadian Forces pursuant to section 42 of the *National Defence Act*. Net assets of estates are distributed to legal heirs under the administration of the Judge Advocate General, in his capacity as Director of Estates.

Meritorious graduate awards

This account was established pursuant to section 21 of the *Financial Administration Act*, to record a donation of \$11,000 to be used for the presentation of meritorious awards to graduating employees.

During the year, interest was credited to the account and charged to interest on public debt.

Scholastic awards

This account was established pursuant to section 21 of the *Financial Administration Act*, to record a donation of \$15,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

During the year, interest was credited to the account and charged to interest on public debt.

Inmates' trust fund

Pursuant to section 32 of the Penitentiary Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobbycraft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

During the year, interest was credited to the account and charged to interest on public debt.

Benefit trust fund

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record moneys received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

During the year, interest was credited to the account and charged to interest on public debt.

Administered trust accounts

Pursuant to section 41 of the *Pension Act* and section 15 of the *War Veterans Allowance Act*, these accounts are under the jurisdiction of the Canadian Pension Commission and the Department. Moneys held in these accounts include: (a) pensions placed under the administration of the Canadian Pension Commission; (b) war veterans and civilian war allowances placed under the administration of the Department of Veterans Affairs; and, (c) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated the inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

During the year, interest was credited to the accounts and charged to interest on public debt.

Estates fund

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the *Veterans' Estates Regulations*. Individual accounts are maintained and payments are made to beneficiaries pursuant to the *Payments to Estates Regulations*.

During the year, interest was credited to the account and charged to interest on public debt.

Veterans administration and welfare trust fund

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the following moneys: (a) donations, legacies, gifts, bequests, etc, received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the *Guardianship of Veterans' Property Regulations*; and, (b) donations, legacies, gifts, bequests, etc, received by the Canadian Pension Commission, to be disbursed for the use of pensioners or dependents in distressed circumstances.

During the year, interest was credited to the account and charged to interest on public debt.

Provincial Tax Collection Agreements Account

This account records income taxes collected by the Government of Canada on behalf of provinces and territories participating in the joint-collection provision of the *Federal-Provincial Fiscal Arrangements Act*, and related payments made to them.

Under the *Federal-Provincial Fiscal Arrangements Act*, the Government of Canada is empowered to enter into agreements with provincial and territorial governments, to collect income taxes on their behalf, and to make payments to them with respect to such taxes.

The Government of Canada entered into agreements with provinces and territories (Quebec excepted), to collect individual income tax, and, with provinces and territories (Ontario and

Quebec excepted), to collect corporation income tax, and, to pay in equal monthly instalments to such provinces and territories, the estimated revenue to be produced by the respective provincial and territorial taxes.

At the beginning of each year, the Minister of Finance estimates the amount of the payments, for the taxation year ending in that year, to provinces and territories that have entered into agreements. These estimates are adjusted to actual amounts at a later date. Adjustments are to be made not later than March 31 of the year following that in which the taxation year ends.

Table 7.15 presents a summary of the balances and transactions in the provincial tax collection agreements account.

TABLE 7.15

PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT

	April 1/1992	Receipts and	Payments and	March 31/1993
		other credits	other charges	
	\$	\$	\$	\$
Corporation income taxes collected by National Revenue—				
Taxation	2,554,039,584	888,321,000	2,252,532,584	1,189,828,000
Less: payments to provinces and territories—				
Newfoundland	110,093,526	106,131,526	44,204,000	48,166,000
Prince Edward Island	30,310,424	29,246,424	11,982,000	13,046,000
Nova Scotia	164,986,725	164,868,712	65,737,987	65,856,000
New Brunswick	190,328,524	183,830,524	73,064,000	79,562,000
Manitoba	286,045,997	311,158,235	149,919,238	124,807,000
Saskatchewan	188,687,229	205,699,511	115,070,282	98,058,000
Alberta	—1,236,691	347,886	1,584,577	
British Columbia	1,121,394,072	1,104,979,009	540,047,937	556,463,000
Yukon Territory	18,926,767	18,586,767	3,785,000	4,125,000
Northwest Territories	48,440,011	75,456,107	53,553,096	26,537,000
Total payments	2,157,976,584	2,200,304,701	1,058,948,117	1,016,620,000
Collections of corporation income tax on hand	396,063,000	3,088,625,701	3,311,480,701	173,208,000
Personal income taxes collected by National Revenue—				
Taxation	55,165,137,559	26,533,599,000	26,719,764,192	54,978,972,367
Less: payments to provinces and territories—				
Newfoundland	976,651,245	441,941,628	481,240,000	1,015,949,617
Prince Edward Island	225,745,328	107,206,623	105,967,000	224,505,705
Nova Scotia	1,998,060,555	911,363,171	918,436,000	2,005,133,384
New Brunswick	1,437,618,834	680,732,918	666,956,000	1,423,841,916
Ontario	30,841,803,344	14,692,914,936	14,742,083,001	30,890,971,409
Manitoba	2,456,020,527	1,209,415,856	1,204,274,000	2,450,878,671
Saskatchewan	2,177,705,693	1,010,286,102	1,091,268,001	2,258,687,592
Alberta	6,211,966,060	2,873,444,425	2,911,984,000	6,250,505,635
British Columbia	8,704,907,890	4,094,173,840	4,232,822,000	8,843,556,050
Yukon Territory	59,062,582	27,365,521	27,535,000	59,232,061
Northwest Territories	128,000,193	57,706,193	62,390,786	132,684,786
Total payments	55,217,542,251	26,106,551,213	26,444,955,788	55,555,946,826
Collections of personal income tax on hand	—52,404,692	52,640,150,213	53,164,719,980	—576,974,459
Subtotal	343,658,308	55,728,775,914	56,476,200,681	—403,766,459
Amount transferred to loans, investments and advances—				
Provincial and territorial governments ⁽¹⁾		403,766,459		403,766,459
Total	343,658,308	56,132,542,373	56,476,200,681	

⁽¹⁾ Since the closing balance of the Provincial Tax Collection Agreements Account is in a debit position, such balance has been transferred, for reporting purposes, to loans, investments and advances—Provincial and territorial governments. Further details are provided in Table 6.11 (Section 6 of this volume).

Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts.

Table 7.16 presents a summary of the balances and transactions for all other specified purpose accounts.

TABLE 7.16

OTHER SPECIFIED PURPOSE ACCOUNTS

	April 1/1992	Receipts and other credits	Payments and other charges	March 31/1993
	\$	\$	\$	\$
Insurance and death benefit accounts—				
Finance—				
Office of the Superintendent of Financial Institutions—				
Civil service insurance fund	10,916,834	321,605	727,626	10,510,813
National Defence—				
Regular forces death benefit account, Table 7.17	137,821,057	28,509,221	15,560,284	150,769,994
Treasury Board—				
Public Service death benefit account, Table 7.18	830,641,997	162,869,021	54,591,498	938,919,520
Veterans Affairs—				
Returned soldiers' insurance fund	482,904	14,606	68,052	429,458
Veterans insurance fund	18,668,849	533,686	1,235,651	17,966,884
	<i>19,151,753</i>	<i>548,292</i>	<i>1,303,703</i>	<i>18,396,342</i>
Total insurance and death benefit accounts	998,531,641	192,248,139	72,183,111	1,118,596,669
Pension accounts—				
Employment and Immigration—				
Annuities agents' pension account	7,940	18,555	12,343	14,152
Solicitor General—				
Royal Canadian Mounted Police—				
Dependants' pension fund	20,933,315	2,838,372	1,121,920	22,649,767
Treasury Board—				
Locally-engaged contributory pension account		421,294	421,294	
Retirement fund	5,303	421,294	5,303	426,597
	<i>5,303</i>	<i>421,294</i>	<i>5,303</i>	<i>426,597</i>
Total pension accounts	20,946,558	3,278,221	1,560,860	22,663,919
Other accounts—				
Agriculture—				
Agriculture development workshops	173,408	281,700	480,749	-25,641
Canada/British Columbia agri-food development projects	48,458	190,777	199,135	40,100
Canada/Manitoba agri-food development projects	4,334		4,334	
Canada/Manitoba partnership agreement on municipal water infrastructure for rural economic diversification	235,570	12,583,663	11,261,039	1,558,194
Canada/Saskatchewan agricultural community water infrastructure	6,523		6,523	
Net Income Stabilization Account	136,822,990	404,403,305	239,876,421	301,349,874
Shared-cost agreements—				
Research	1,678,368	8,078,804	7,288,746	2,468,426
	<i>138,969,651</i>	<i>425,538,249</i>	<i>259,116,947</i>	<i>305,390,953</i>
Communications—				
Shared-cost agreements—Conferences and training	4,791	23,075	8,025	19,841
Shared-cost/joint project agreements	200,532	317,829	493,711	24,650
Canadian Film Development Corporation—				
Advance account ⁽¹⁾	7,582,520	27,771,669	24,056,956	11,297,233
Social Sciences and Humanities Research Council —				
Queen's Fellowship Fund	276,943	15,703	15,743	276,903
Trust fund	11,589	5,439	9,000	8,028
	<i>8,076,375</i>	<i>28,133,715</i>	<i>24,583,435</i>	<i>11,626,655</i>

TABLE 7.16

OTHER SPECIFIED PURPOSE ACCOUNTS—Continued

	April 1/1992	Receipts and other credits	Payments and other charges	March 31/1993
	\$	\$	\$	\$
Consumer and Corporate Affairs—				
Income from Patent Cooperation				
Treaty	43,603	2,175,853	2,210,958	8,498
Income from securities in trust—Bankruptcy Act	82,399	40	1,757	80,682
Securities in trust—Bankruptcy Act	31,266			31,266
Less: securities held in trust	31,266			31,266
Unclaimed dividends and undistributed assets—				
Bankruptcy Act	1,584,442	1,573,308	1,729,427	1,428,323
Canada Business Corporations Act	228,230		29,542	198,688
Winding-up Act	688,535		134,380	554,155
2,627,209		3,749,201	4,106,064	2,270,346
Employment and Immigration—				
Canada-Quebec Accord relating to immigration and temporary admission of aliens	409,726	11,214	420,940	
Canadian jobs strategy program	20,972	7,362	7,793	20,541
Summer employment—Experience development program	7,319	300,000	307,319	
438,017		318,576	736,052	20,541
Energy, Mines and Resources—				
Atomic Energy of Canada Limited regional seismic monitoring station	27,258	159,805	128,423	58,640
Continental geoscience division—Ontario Hydro	85,220		77,395	7,825
International Energy Agency—Implementing agreement	168,192	62,634	101,587	129,239
Market development incentive payments—Alberta	23,434,316	5,852,775	8,230,343	21,056,748
Meanook Observatory	544	1,843	2,387	
NYSERDA—Diesel technology Research and Development	78,990			78,990
Ocean Drilling Program—Australia	550	1,101,009	1,101,559	
Ontario Hydro—Multi-detector electro-optical imaging sensor	3,018		3,018	
Shared-cost agreements—Research	59,192	372,724	309,000	122,916
Shared-cost projects	163,395	3,206,774	2,287,051	1,083,118
24,020,675		10,757,564	12,240,763	22,537,476
Environment—				
Forks sculpture contest account	6,268			6,268
Mackenzie King trust account	270,275	23,842	6,338	287,779
Miscellaneous projects deposits	3,291,222	6,112,128	5,642,892	3,760,458
Public participation funding program	17,411			17,411
3,585,176		6,135,970	5,649,230	4,071,916
External Affairs—				
Canada Foundation account	283,257	51,600	62,032	272,825
Less: securities held in trust	279,714	622,469	599,505	256,750
deposits in a special bank account	3,543	612,485	625,017	16,075
1,286,554				
Cost recoverable technical assistance program	43,525	9,824	53,349	
811,824			661,762	150,062
Financial assistance to Canadians abroad		2,739,109	2,444,871	294,238
Funds from non-governmental organizations		596,051	31,750	564,301
Paris air show		983,472	436,866	546,606
Shared-cost projects				
Canadian Institute for International Peace and Security—				
Other outstanding liabilities		598,829	4,157	594,672
Canadian International Development Agency—				
Guarantee deposits	74,025			74,025
International Joint Commission—				
Virtual Elimination Task Force (V.E.T.F.)—				
Economic Subgroup		82,083	5,000	77,083
117,550		7,107,746	4,924,309	2,300,987
Finance—				
Common school funds—Ontario and Quebec	2,677,771			2,677,771
Foreign claims fund	182,959			182,959
War claims fund—World				
War II	4,180	34		4,214
2,864,910		34		2,864,944

TABLE 7.16

OTHER SPECIFIED PURPOSE ACCOUNTS—Continued

	April 1/1992	Receipts and	Payments and	March 31/1993
		other credits	other charges	
	\$	\$	\$	\$
Fisheries and Oceans—				
Federal/provincial cost-sharing agreements		4,949,440	4,345,479	603,961
Miscellaneous projects deposits	854,953	3,900,998	3,627,710	1,128,241
	854,953	8,850,438	7,973,189	1,732,202
Forestry—				
Miscellaneous projects deposits	393,918	2,173,211	1,646,074	921,055
Indian Affairs and Northern Development—				
Fines—Indian Act	380,149	35,629	1,599	414,179
Indian agencies revenue trust bank accounts	233,280	2,975,961	3,005,267	203,974
Less: deposits in special bank accounts	233,280	2,975,961	3,005,267	203,974
Indian band funds—				
Shares and certificates	20,000			20,000
Less: securities held in trust	20,000			20,000
Indian compensation funds	182,160			182,160
Indian moneys suspense account	9,507,787	19,104,958	7,718,075	20,894,670
Indian special accounts	1,342,533	197,415	285,650	1,254,298
1924 Ontario lands agreement	7,874,905	693,261		8,568,166
	19,287,534	20,031,263	8,005,324	31,313,473
Industry, Science and Technology—				
Miscellaneous shared-cost agreements	59,498	319,929	167,861	211,566
Canadian Space Agency—				
Federal/provincial agreements	54,815		54,815	
Radarsat	481,310			481,310
Economic Council of Canada—				
Shared-cost agreements	215,000		215,000	
Investment Canada—				
Ocean industries investment prospecting and strategic marketing	7,385		7,385	
National Research Council of Canada—				
Special fund	13,960,213	23,714,081	24,603,294	13,071,000
Trust fund	5,691,032	5,317,154	3,780,023	7,228,163
Natural Sciences and Engineering Research Council—				
Trust fund	401,403	609,681	573,943	437,141
Statistics Canada—				
Advance payments	4,604,993	27,171,778	28,144,101	3,632,670
	25,475,649	57,132,623	57,546,422	25,061,850
Justice—				
Child support—Shared-cost project	28,965		27,581	1,384
Federal Court of Canada—				
Federal Court special account	7,796,880	2,315,695	5,091,678	5,020,897
	7,825,845	2,315,695	5,119,259	5,022,281
Labour—				
Fair wages suspense account	952	18,858	18,388	1,422
Labour standards suspense account	450,208	139,346	36,274	553,280
	451,160	158,204	54,662	554,702
National Defence—				
Foreign governments—				
United Kingdom—				
British Army—Suffield, Alberta	33,934,272	67,191,974	77,714,560	23,411,686
Wainwright, Alberta		19,373,580	18,479,189	894,391
Other activities	4,544,299	45,957,693	43,552,902	6,949,090
United States of America	4,988,263	3,922,092	5,491,443	3,418,912
Federal Republic of Germany—				
German Army—Shilo, Manitoba	3,348,885	23,930,020	18,038,390	9,240,515
Other activities	4,159,954	44,009,306	32,897,421	15,271,839
Netherlands	6,160,303	30,045,861	26,871,460	9,334,704
North Atlantic Treaty Organization (NATO)—				
Infrastructure projects	795,282	1,522,276	1,964,900	352,658
	1,395,847	473,661	584,384	1,285,124
Non-government agencies	59,327,105	236,426,463	225,594,649	70,158,919

TABLE 7.16

OTHER SPECIFIED PURPOSE ACCOUNTS—Concluded

	April 1/1992	Receipts and other credits	Payments and other charges	March 31/1993
	\$	\$	\$	\$
National Health and Welfare—				
Canadian Sports Pool Corporation—Other outstanding liabilities	50,000			50,000
Housing an Aging Population	20,000		20,000	
Miscellaneous federal/provincial projects	187,185	672,428	770,167	89,446
Pan American Health Organization (SIREVA)		192,000	5,824	186,176
Safety evaluation of chemicals	4,904			4,904
World Health Organization	117,625	13,886	22,183	109,328
Medical Research Council—				
Dyskinesia and torticollis research	92,977	4,604	16,000	81,581
	472,691	882,918	834,174	521,435
Solicitor General—				
Royal Canadian Mounted Police—				
Seized assets—Canadian funds	2,721,555	2,577,401	1,524,635	3,774,321
Seized assets—US funds		44,268		44,268
	2,721,555	2,621,669	1,524,635	3,818,589
Supply and Services—				
Interest on bonds—Insurance companies		37,989,097	37,989,097	
Military purchases excess funds deposit	295,991,323		38,083,842	257,907,481
Less: securities held in trust	295,991,323	38,083,842	38,083,842	257,907,481
Petro-Canada Enterprises Inc—Shares	992,411		35,781	956,630
	992,411	76,072,939	76,108,720	956,630
Veterans Affairs—				
Army benevolent fund	371,015	55,883	142,219	284,679
Total	298,873,399	888,462,361	695,906,127	491,429,633
Less: consolidation adjustment ⁽¹⁾	7,582,520		3,715,565	11,298,085
Total other accounts	291,290,879	888,462,361	699,621,692	480,131,548
Total other specified accounts	1,310,769,078	1,083,988,721	773,365,663	1,621,392,136

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Civil service insurance fund

This fund was established by the *Civil Service Insurance Act*, to provide life insurance coverage for civil servants who bought policies before 1955-56. The purchase of policies was discontinued in 1954-55, pursuant to section 62(2) of the *Public Service Superannuation Act*.

During the year, receipts and other credits consisted of premiums of \$12,318 and, an amount of \$309,287 (charged to budgetary expenditure) representing an adjustment to bring the balance in the fund into agreement with the actuarial valuation as at March 31, 1992. Payments and other charges consisted of death benefits, \$671,023; cash surrender value, \$26,908; annuities, \$29,661; and premium refunds, \$34.

Regular forces death benefit account

This account was established by the *Canadian Forces Superannuation Act*, to provide life insurance to contributing members of the Armed Forces. Receipts and other credits consist of: (a) contributions by participants; (b) Government's contribution paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*; (c) single premiums payable by the Government in respect of regular forces participants who become entitled to a basic benefit of \$5,000 without contribution; and, (d) interest.

Payments and other charges consist of: (a) benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*, upon their retirement from the regular forces; (b) benefits paid in respect of elective regular forces participants, to whom pensions were not payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*, upon their retirement from the regular forces; and, (c) the portion of benefit payable for which a single premium has been paid by the Government.

TABLE 7.17

REGULAR FORCES DEATH BENEFIT ACCOUNT

	1992-93	1991-92
	\$	\$
Opening balance	137,821,057	122,528,870
RECEIPTS AND OTHER CREDITS—		
Contributions by personnel	10,219,837	10,008,863
Government's contribution	1,889,485	1,693,210
Single premiums payable by the Government in respect of regular forces participants who became entitled to a basic benefit of \$5,000 without contribution	487,010	244,261
Interest	15,912,889	13,507,514
	28,509,221	25,453,848
	166,330,278	147,982,718
PAYMENTS AND OTHER CHARGES—		
Benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the <i>Canadian Forces Superannuation Act</i> or the <i>Defence Services Pension Continuation Act</i>	15,560,284	10,161,661
Closing balance	150,769,994	137,821,057

Public Service death benefit account

This account was established under the *Public Service Superannuation Act*, to provide life insurance to contributing members of the Public Service.

The account is credited with: (a) contributions by employees; (b) contributions by the Government and Public Service corporations; and, (c) interest. Payments and other charges represent: (a) benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and, (b) benefits of \$5,000 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf a single premium for \$5,000 death benefit coverage for life has been made.

TABLE 7.18

PUBLIC SERVICE DEATH BENEFIT ACCOUNT

	1992-93	1991-92
	\$	\$
Opening balance	830,641,997	718,272,176
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees—		
Government and Public Service corporations	62,811,734	60,672,906
Government—		
General	5,299,896	5,917,069
Single premium for \$5,000	1,405,986	1,507,404
Public Service corporations	2,165,447	2,244,086
Interest	91,185,958	79,861,338
	162,869,021	150,202,803
	993,511,018	868,474,979
PAYMENTS AND OTHER CHARGES—		
Benefit payments—		
General	46,944,898	35,914,041
Life coverage of \$5,000	7,628,800	1,907,158
Other death benefit payments	17,800	11,783
	54,591,498	37,832,982
Closing balance	938,919,520	830,641,997

Returned soldiers' insurance fund

This fund was established by the *Returned Soldiers' Insurance Act*, to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1992 of \$14,606 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was August 31, 1933.

Veterans insurance fund

This fund was established by the *Veterans' Insurance Act*, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1992 of \$445,633 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was October 31, 1968.

Annuities agents' pension account

This account was established by Vote 181, *Appropriation Act No. 1, 1961*, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

During the year, interest was credited to the account and charged to interest on public debt.

Dependants' pension fund

This fund which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5 percent contribution from the pay of members of the Force (other than commissioned officers) who are subject to the *Pension Continuation Act*. There are no longer any active members amongst the contributors.

During the year, interest was credited to the account and charged to interest on public debt.

Locally-engaged contributory pension account

This account, which pertains to Part II of the Locally-Engaged Pension Regulations, provides pension benefits to locally-employed Government employees who contributed to the plan. The account is credited with contributions from locally-engaged employees, and charged with the subsequent payment of benefits.

Treasury Board approved the closure of the plan to new entrants effective December 31, 1988. There are now fewer than fifty members contributing to the plan.

Retirement fund

This fund provides pension benefits to certain eligible Government employees who are not covered by the Public Service Superannuation Account and who contributed to the fund.

Contributions are made to the fund in the form of monthly deductions from the salaries of certain prevailing rate or seasonal and certain other employees. Other credits are interest at the rate of 4 percent per annum on the balance to the credit of each contributor, the off-setting charge being to interest on public debt. Payments and other charges represent payment of the amounts to the employees' credit upon resignation or death, or, if they become contributors to the Public Service Superannuation Account, transfers to that account.

Agriculture development workshops

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received from "Agence de coopération culturelle et technique" from Paris, France in accordance with an agreement dated June 15, 1990. These funds will be used to defray the training costs and living expenses of third world members during their stay at the Food Research and Development Centre in St-Hyacinthe, Quebec.

The debit balance in the account results from funds required to cover costs incurred in 1992-93 which were received after the end of the fiscal year.

Canada/British Columbia agri-food development projects

This account was established pursuant to section 21 of the *Financial Administration Act*, to record advance payments from the government of British Columbia for their share of costs incurred under the Accord on Soil and Water Conservation and Development. Various soil conservation projects will be carried out through producer conservation organizations. Money is paid out of the account as eligible billing costs are received.

Canada/Manitoba agri-food development projects

This account was established pursuant to section 21 of the *Financial Administration Act*, to record advance payments received from the government of Manitoba for their share of the costs incurred under various projects. The projects involve the construction of works for the enhancement of soil and water resource management. Money is paid out of the account as eligible billing costs are received.

Canada/Manitoba partnership agreement on municipal water infrastructure for rural economic diversification

This account was established pursuant to section 21 of the *Financial Administration Act*, to record advance payments received from the government of Manitoba and participating cities/towns for their share of the costs incurred under various projects. The projects involve making improvements to the water supply and waste treatment and disposal infrastructures of rural communities while preserving environmental quality. Money is paid out of the account as eligible billing costs are received.

Canada/Saskatchewan agricultural community water infrastructure

This account was established pursuant to the 1984 Canada-Saskatchewan Subsidiary Agreement on Agricultural Community Water Infrastructure, to record deposits from the Province of Saskatchewan whenever a city or town is able to finance part of the water supply or water disposal facilities and separate construction is not possible. Money is paid out of the account as eligible billing costs are received.

Net Income Stabilization Account

This account was established by section 15 of the *Farm Income Protection Act*, to record funds received from producers and federal and provincial governments and includes: (a) individual contributions up to 2 percent of eligible net sales (maximum \$250,000); (b) government contributions, split equally between federal and provincial governments, matching the 2 percent individual contributions; (c) additional individual contributions up to 20 percent of eligible net sales (maximum \$250,000) which are not matchable by government; (d) interest in the amount standing to the credit of the Account at rates and in accordance with terms and conditions determined by the Minister of Finance; and, (e) interest bonus of 3 percent per annum, split equally between federal and provincial governments, calculated on individual contributions.

The individual producer is entitled to make annual account withdrawals up to the amount allowed by either of two triggers: a stabilization trigger and a minimum income trigger. The method producing the largest amount will provide an upper limit for the withdrawal.

Shared-cost agreements—Research—Agriculture

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts deposited by external parties for shared-cost research projects. Moneys are disbursed on behalf of the depositors as the specific projects are undertaken.

During the year, interest was credited to the account and charged to interest on public debt.

Shared-cost agreements—Conferences and training

This account was established pursuant to section 21 of the *Financial Administration Act*, to record monies received from other governments and organizations for shared-cost agreements. Monies are disbursed on behalf of the depositors as specific training is undertaken or conferences held.

Shared-cost/joint project agreements

This account was established pursuant to section 21 of the *Financial Administration Act*, to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Advance account—Canadian Film Development Corporation

This account was established pursuant to section 21 of the *Financial Administration Act*, to reserve for use in future years moneys generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

Queen's Fellowship fund—Social Sciences and Humanities Research Council

This fund is an endowment of \$250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The income is used for the payment of scholarships to graduate students in certain fields of Canadian studies.

During the year, interest was credited to the account and charged to interest on public debt.

Trust fund—Social Sciences and Humanities Research Council

This account was established pursuant to section 21 of the *Financial Administration Act*, to record receipts and disbursements of funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations and disbursements for the purpose of special projects.

During the year, interest was credited to the account and charged to interest on public debt.

Income from Patent Cooperation Treaty

This account was established pursuant to section 21 of the *Financial Administration Act*, and section 12(3) of the Patent Cooperation Treaty Regulations under the Patent Rules, to record the receipt and disposition of the various fees relating to applications for an international patent, in accordance with Rules 14, 15, 16 and 16^{bis} of the Regulations under the Income from Patent Cooperation Treaty.

Income from securities in trust—Bankruptcy Act

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

Securities in trust—Bankruptcy Act

This account was established by section 67 of the *Bankruptcy Act*, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

Unclaimed dividends and undistributed assets—Bankruptcy Act

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy Act*, pending distribution to creditors.

Unclaimed dividends and undistributed assets—Canada Business Corporations Act

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets—Winding-up Act

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up Act*, pending distribution.

Canada-Quebec Accord relating to immigration and temporary admission of aliens

The Transition Agreement of the Canada-Quebec Accord is funded by the Government of Quebec.

This account was established pursuant to section 21 of the *Financial Administration Act*, to record payments made by the Province of Quebec against the costs incurred by Canada Employment and Immigration in providing settlement services to immigrants destined to that Province, during the transition period of 1992-93.

Canadian jobs strategy program

The Canadian jobs strategy program is jointly funded by the federal and provincial governments.

This account was established pursuant to section 21 of the *Financial Administration Act*, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

Summer employment—Experience development program

The summer employment—Experience development program is jointly funded by the federal and provincial governments.

This account was established pursuant to section 21 of the *Financial Administration Act*, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

Atomic Energy of Canada Limited regional seismic monitoring station

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received from Atomic Energy of Canada Limited, to accommodate the cost-sharing of expenses required to operate a network of regional seismic monitoring stations in the provinces of Ontario and Alberta.

Continental geoscience division—Ontario Hydro

This account was established pursuant to section 21 of the *Financial Administration Act*, to facilitate a cost sharing agreement between Energy, Mines and Resources and Ontario Hydro to acquire, compile, process and interpret seismic reflection data recorded in Lake Ontario, Lake Erie, and Lake Huron.

International Energy Agency—Implementing agreement

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds for the cost-sharing of expenses between Canada, the United States, Japan, Sweden and Italy in respect to the International Energy Agency Implementing Agreement for a programme of research, development and demonstration on alcohol and alcohol blends as motor fuels.

During the year, interest was credited to the account and charged to interest on public debt.

Market development incentive payments—Alberta

This account records moneys received from the Government of Alberta, to encourage the expansion of natural gas markets in provinces east of Alberta, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986, however, payments are being made from the account for the Natural Gas Vehicle Conversion and Natural Gas Fuelling Station Programs.

Meanook Observatory

This account was established pursuant to section 21 of the *Financial Administration Act*, to facilitate the cost-sharing of the expenses required to operate the Meanook Observatory at Athabasca, Alberta. The Naval Ocean Systems Centre (USA) will be participating in the maintenance and utilization of this facility.

NYSERDA—Diesel technology Research and Development

This account was established pursuant to section 21 of the *Financial Administration Act*, to administer an advance payment from the New York State Energy Research and Development Authority (NYSERDA) with respect to demonstrating methanol diesel technology in the operation of transit buses. The advance was a condition of an agreement between the Department of Energy, Mines and Resources and NYSERDA.

Ocean Drilling Program—Australia

This account was established pursuant to section 21 of the *Financial Administration Act*, to deposit funds received from the government of Australia for the Ocean Drilling Program. The funds will subsequently be remitted to the National Science Foundation, Washington, D.C. together with Canada's share of Program costs.

Ontario Hydro—Multi-detector electro-optical imaging sensor

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received from Ontario Hydro to accommodate the cost-sharing of expenses required to allow an analysis and evaluation of the multi-detector electro-optical imaging sensor system capabilities for the mapping of hydro corridors.

Shared-cost agreements—Research—Energy, Mines and Resources

This account was established pursuant to section 21 of the *Financial Administration Act*, to facilitate the retention and disbursement of moneys received from private industry, and other governments for joint project or shared-cost research agreements.

Shared-cost projects—Energy, Mines and Resources

This account was established pursuant to section 21 of the *Financial Administration Act*, to facilitate the retention and disbursement of moneys received from private organizations and other governments for cost-sharing scientific projects.

Forks sculpture contest account

This account was established pursuant to section 21 of the *Financial Administration Act*, for the purpose of accepting donations from corporations and other donors to sponsor a sculpture competition for the opening of the Forks National Historic Park in Winnipeg, Manitoba.

Mackenzie King trust account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. The amount of \$225,000 was credited to the account. Interest computed, in accordance with the terms of section 3 of the *Laurier House Act*, is to be credited to the account at the end of each year, and charged to interest on public debt. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Miscellaneous projects deposits—Environment

This account was established pursuant to section 21 of the *Financial Administration Act*, to record contributions received from organizations and individuals, for the furtherance of research work.

Public participation funding program

This account was established pursuant to section 21 of the *Financial Administration Act*, to record deposits received from provinces, territories or private organizations to provide funds to assist public participation in the federal environment assessment and review process.

Canada Foundation account

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record moneys received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

Cost recoverable technical assistance program

This account was established pursuant to section 21 of the *Financial Administration Act*, to record prepayments and disbursements in respect of the costs pertaining to the provision of technical assistance to other countries by Canadian firms and institutions pursuant to agreements between the Government of Canada and other national governments.

During the year, interest was credited to the account and charged to interest on public debt.

Financial assistance to Canadians abroad

This account was established pursuant to section 21 of the *Financial Administration Act*, to record monies received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

Funds from non-governmental organizations

This account was established pursuant to section 21 of the *Financial Administration Act*, to record monies received as prepayment for services to be performed by the Department on behalf of third parties.

Paris air show

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received from the private sector. These funds were used to help defray the costs of the Canadian Pavilion activities during the Paris air show held in Paris, June 13 to 23, 1991.

Shared-costs projects—External Affairs

This account was established pursuant to section 21 of the *Financial Administration Act*, to record monies received from organizations outside the Government of Canada accounting entity for shared-costs projects.

Canadian Institute for International Peace and Security—Other outstanding liabilities

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received at the dissolution of the Canadian Institute for International Peace and Security which are used to pay any liabilities of the Corporation.

Guarantee deposits—Canadian International Development Agency

This account was established pursuant to section 21 of the *Financial Administration Act*, to record cheques for insurance claims related to damages to "in transit" goods being shipped to the country specified in the loan agreement, pending the decision of the country on the use of these moneys, to reduce the loan balance or to purchase replacement goods.

Virtual Elimination Task Force (V.E.T.F.)—Economic Subgroup

This account was established pursuant to section 21 of the *Financial Administration Act*, to record deposits received from organizations sharing in the costs of a project to design a program for using economic instruments as a means of achieving virtual elimination of the input of mercury and chlorinated organics to waters of the Great Lake Basin Ecosystem.

Common school funds—Ontario and Quebec

This account was established under *12 Victoria 1849*, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of \$133,888, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5 percent per annum, and is charged to interest on public debt.

Foreign claims fund

This account was established by Vote 22a, *Appropriation Act No. 9, 1966*, to record: (a) such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, (b) all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

War claims fund—World War II

This account was established by Vote 696, *Appropriation Act No. 4, 1952*, to record moneys received from the Custodian of Enemy Property or from other sources, and payments: (a) to eligible claimants for compensation in respect of World War II; (b) of a supplementary award amounting to 50 percent of the original award (PC 1958-1467, October 23, 1958); and, (c) of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Federal/provincial cost-sharing agreements

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the deposit of moneys received from the provinces for cost-shared programs according to official signed agreements.

Miscellaneous projects deposits—Fisheries and Oceans

This account was established pursuant to section 21 of the *Financial Administration Act*, to record contributions received from organizations and individuals, for the furtherance of research work.

Miscellaneous projects deposits—Forestry

This account was established pursuant to section 21 of the *Financial Administration Act*, to record contributions received from organizations and individuals for the furtherance of forestry research work.

Fines—Indian Act

Fines collected under sections 85.1 and 104 of the *Indian Act*, in connection with liquor prosecutions, and band bylaws, are credited to this account. Expenditures cover certain costs incurred in the suppression of the liquor traffic among the Indians of Canada.

Indian agencies revenue trust bank accounts

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys held for Indians in authorized banks across Canada. These moneys include such items as deceased estates, deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands.

Indian band funds—Shares and certificates

This account was established by section 61 of the *Indian Act*, to record the historical value of Transalta Utilities Ltd shares of stock as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General of Canada for the credit of the Blood Indian Band. Any dividends received are credited to the revenue account of the Blood Indian Band.

Indian compensation funds

Pursuant to sections 35 and 61 of the *Indian Act*, moneys received from the sale of Indian lands and easement compensation, where the title has not been cleared nor the land survey completed, are recorded in this account pending completion of documentation.

Indian moneys suspense account

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys held for individuals and bands, received from royalties, timber dues, rentals and leases of Indian lands, such as agricultural leases, easements, oil and gas leases, permits and royalties and timber dues agreements, etc, pending proper documentation.

During the year, interest was credited to the account and charged to interest on public debt.

Indian special accounts

Pursuant to section 52 of the *Indian Act* and section 21 of the *Financial Administration Act*, these Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purposes and include the following:

(a) *Absent or missing heirs*—Assets in an estate to which a missing heir might be entitled are held in this account for a period of seven years, after which time, if the heirs are not located, the assets are distributed to other persons according to entitlement.

(b) *Abitibi fur reserve*—This account records moneys received from the sale of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for talyman's wages, freight costs, etc.

(c) *Abitibi fishery*—This account records charges for the operation of the Abitibi sturgeon fish catching project.

1924 Ontario lands agreement

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the Province of Ontario's share of the receipts from mineral activity on Indian reserves in accordance with the terms of the 1924 Ontario lands agreement. Payment of these funds to Indian bands is awaiting the reaching of an agreement between the Bands entitled to the funds and the Provincial government.

During the year, interest was credited to the account and charged to interest on public debt.

Miscellaneous shared-cost agreements—Industry, Science and Technology

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts deposited by external parties for shared-cost projects. Moneys are disbursed on behalf of the depositors as the specific projects are undertaken.

Federal/provincial agreements—Canadian Space Agency

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received for cost-sharing agreements with provinces.

Radarsat

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received for both cost-sharing and advance payments for Radarsat scenes.

Shared-cost agreements—Economic Council of Canada

This account was established pursuant to section 21 of the *Financial Administration Act* to record, in accordance with cost-sharing agreements, the contributions received from other governments and private organizations towards the funding of a research project on health care costs.

Oceans industries investment prospecting and strategic marketing

This account was established pursuant to section 21 of the *Financial Administration Act*, to record monies received from various provinces and organizations, in order to facilitate the formation of business arrangements between Canadian and Japanese ocean industry technology-based firms. Money is paid out of the account as eligible billing costs are received.

Special fund—National Research Council of Canada

This account was established by the *National Research Council Act*, to record revenue received by the National Research Council of Canada in the amount of \$23,714,081, derived from laboratory fees, \$7,868,660; capital, \$3,949,000; information services, \$3,275,059; sales of publications, \$5,987,210; and, miscellaneous receipts, \$2,634,152. An amount of \$24,603,294 was charged hereto, of which an amount of \$20,654,294 was credited to National Research Council Vote 50, and \$3,949,000 to National Research Council Vote 55, to offset expenditures.

Trust fund—National Research Council of Canada

This account was established by the *National Research Council Act*, to record funds received from departments and agencies and public organizations, to cover expenditures made on their behalf.

Trust fund—Natural Sciences and Engineering Research Council

This account was established by section 27 of the *Government Organization (Scientific Activities) Act, 1976*, to record funds received from other governments and organizations, to cover expenditures made on their behalf, and to record this agency's liability to other organizations.

During the year, interest was credited to the account and charged to interest on public debt.

Advance payments—Statistics Canada

This account was established pursuant to section 21 of the *Financial Administration Act*, to record advance payments received from departments, agencies and others to finance the cost of special statistical services.

Child support—Shared-cost project

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received from provincial governments and territories in accordance with the agreement respecting the funding of the Federal/Provincial Child Support Guidelines Project.

Upon completion of the project, each province/territory will be reimbursed, on the basis of a prorata share and without interest, for its share of any unspent funds remaining in the account.

Federal Court special account

This account was established pursuant to section 21 of the *Financial Administration Act*, to maintain accounts on behalf of litigants before the Court. These accounts record the moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgment of the Court.

During the year, interest was credited to the account and charged to interest on public debt.

Fair wages suspense account

This account is operated under the authority of section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

Labour standards suspense account

This account is operated under the authority of the Canada Labour Code, Part III, section 251, and the Canada Labour Standards Regulations section 23.

The account records:

- (a) funds received from employers as a result of assessments made by inspectors regarding underpayments of minimum wages, overtime, vacation pay, holiday pay, termination, severance or bereavement pay. The assessments are payable either directly to the employee, or to the Minister of Labour who is required to transmit the payment to the employee;
- (b) payments received from employers who are in arrears in paying their employees. Such amounts are repaid to employees; and,
- (c) wages received by the Minister of Labour from employers who cannot locate employees. Efforts are then made to locate employees.

Foreign governments

These accounts were established pursuant to section 21 of the *Financial Administration Act*, to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

North Atlantic Treaty Organization (NATO)—Infrastructure projects

These accounts were established pursuant to section 21 of the *Financial Administration Act*, to record funds received from NATO to cover (a) NATO infrastructure projects implemented by Canada, and, (b) other expenditures to be made on NATO's behalf, in accordance with the terms of an agreement with the Government of Canada.

Non-government agencies

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

Canadian Sports Pool Corporation—Other outstanding liabilities

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received at the dissolution of the Canadian Sports Pool Corporation which are to be used to pay any liabilities of the Corporation.

Housing an Aging Population

This account was established pursuant to section 21 of the *Financial Administration Act*, to administer funds from Canada Mortgage and Housing Corporation as their contribution to the updating and publication of a document "Housing an Aging Population: Guidelines for Development and Design".

Miscellaneous federal/provincial projects—National Health and Welfare

This account was established pursuant to section 21 of the *Financial Administration Act*, to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial projects in the areas of hospital administration, hospital facilities design and other related health issues.

Pan American Health Organization (SIREVA)

This account was established pursuant to section 21 of the *Financial Administration Act*, to enhance the epidemiological and laboratory infrastructure in the regions for the diagnosis and surveillance of *S.pneumoniae*. At the end of the project, the participating laboratories should have acquired the capability to design, conduct and analyze epidemiological field studies, in particular as they relate to defining the nature and magnitude of *S.pneumoniae*, and the epidemiological surveillance network in the Americas should have been strengthened.

Safety evaluation of chemicals

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received and payments made to organizations and individuals providing services on behalf of the Scientific Group on Methodologies for the Safety Evaluation of Chemicals in accordance with the specific purposes identified by the Group.

World Health Organization

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received from the World Health Organization, for scientific projects.

Dyskinesia and torticollis research

This account was established by section 5(3) of the *Medical Research Council Act*, to record a bequest of \$75,000 made by an anonymous donor, to establish a fund for research in the fields of dyskinesia and torticollis. The interest received is used for the payment of research grants. Other donations are also credited to this fund.

During the year, interest was credited to the account and charged to interest on public debt.

Seized assets—Canadian funds

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys seized during the course of investigations and drug seizures under the Criminal Code of Canada and the *Narcotic Control Act*. The funds are held pending the Court decision.

Seized assets—US funds

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys seized during the course of investigations and drug seizures under the Criminal Code of Canada and the *Narcotic Control Act*. The funds are held pending the Court decision.

Interest on bonds—Insurance companies

This account is credited with the proceeds from interest coupons on bonds deposited by insurance companies under the *Canadian and British Insurance Companies Act*. Debits represent the payment of the same interest to the insurance companies.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unutilized funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Petro-Canada Enterprises Inc—Shares

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the liability to shareholders who have not presented their shares for payment.

Army benevolent fund

Pursuant to section 3 of the *Army Benevolent Fund Act*, this account was credited with certain canteen profits and other funds from World War II. Interest at the rate of 9.91 percent per annum is credited semi-annually for the period June 29, 1990 to June 28, 1995 on the minimum monthly balances.

Payments are made out of the fund to or for the benefit of World War II veterans or their dependents or the widows, children or other dependents of deceased veterans.

During the year, interest was credited to the account and charged to interest on public debt.

SUPPLEMENTARY STATEMENTS

Canada Pension Plan Account and the Canada Pension Plan Investment Fund

MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund are the responsibility of the management of the Department of National Health and Welfare. The statements have been prepared by management in accordance with the accounting policies set out in Note 2 to the statements applied on a basis consistent with that of the preceding year.

Preparation of financial information is an integral part of management's broader responsibility for the ongoing operations of the Account and Fund. Management maintains books of account and systems of financial and management control augmented by a program of internal audit. These practices and controls are designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded, that resources are managed economically and efficiently in the attainment of the Plan's objectives, that operations are carried out effectively, and that the transactions are in accordance with the Canada Pension Plan and Regulations.

The Auditor General of Canada conducts an independent audit of these statements and reports on his audit to the Minister of National Health and Welfare.

Dennis Kealey
for the Assistant Deputy Minister
Income Security Programs

Michèle S. Jean
Deputy Minister

AUDITOR'S REPORT

TO THE MINISTER OF NATIONAL HEALTH AND WELFARE

I have audited the statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund for the year ended March 31, 1993. These financial statements are the responsibility of the management of the Department of National Health and Welfare. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the balance and changes of the Account and the Fund for the year ended March 31, 1993 in accordance with the accounting policies set out in Note 2 to the statements.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 20, 1993

**Canada Pension Plan Account and the Canada
Pension Plan Investment Fund—Continued**

**STATEMENT OF THE CANADA PENSION PLAN ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1993**
(in thousands of dollars)

	1993	1992
Amounts credited		
Contributions—Employees, employers and self-employed	8,992,966	8,390,805
Interest (Note 3)	4,498,886	4,463,137
	13,491,852	12,853,942
Amounts charged		
Benefits		
Retirement pensions	8,706,204	7,854,775
Disability pensions	2,087,394	1,840,530
Survivors' pensions	1,826,450	1,644,591
Death benefits	198,939	171,619
Disabled contributors' child benefits	192,385	135,052
Orphans' benefits	187,711	146,189
	13,199,083	11,792,756
Expenses (Note 4)		
Administration (Note 5)	75,430	56,363
Collection of contributions	62,687	49,419
Cheque issue and computer services	21,574	19,887
Accommodation	6,469	5,219
Assignment and maintenance of social insurance numbers	1,177	2,434
Actuarial services	430	1,023
	167,767	134,345
	13,366,850	11,927,101
Increase in balance	125,002	926,841
Balance at beginning of year	42,047,091	41,120,250
Balance at end of year	42,172,093	42,047,091
Represented by:		
Canada Pension Plan Investment Fund	39,333,075	38,866,293
Operating balance on deposit with the Receiver General for Canada	2,839,018	3,180,798
	42,172,093	42,047,091

Contingencies (Note 8)

Approved by the Department of National Health and Welfare:

DENNIS KEALEY
*for the Assistant Deputy Minister
Income Security Programs*

MICHÈLE S. JEAN
Deputy Minister

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

STATEMENT OF THE CANADA PENSION PLAN INVESTMENT FUND
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	Balance at beginning of year	Amounts charged—Purchases	Amounts credited—Redemptions	Balance at end of year
Investment in securities (Note 6)				
Provinces and territory				
Newfoundland	804,431	28,770	19,000	814,201
Prince Edward Island	174,340	6,971	3,786	177,525
Nova Scotia	1,507,188	55,808	74,282	1,488,714
New Brunswick	1,089,989	41,673	28,787	1,102,875
Quebec	142,241	8,602	8,000	142,843
Ontario	17,623,267	775,272	536,357	17,862,182
Manitoba	2,081,850	73,373	57,362	2,097,861
Saskatchewan	1,734,010	62,705	43,237	1,753,478
Alberta	4,723,362	196,110	96,783	4,822,689
British Columbia	5,480,450	222,598	141,512	5,561,536
Yukon Territory	3,726			3,726
Canada	35,364,854	1,471,882	1,009,106	35,827,630
	3,501,439	11,118	7,112	3,505,445
	38,866,293	1,483,000	1,016,218	39,333,075

Approved by the Department of National Health and Welfare:

DENNIS KEALEY
for the Assistant Deputy Minister
Income Security Programs

MICHÈLE S. JEAN
Deputy Minister

NOTES TO STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1993

1. (a) Description and authority

The Canada Pension Plan is a 1965 Act of Parliament, to establish a comprehensive program of old age pensions and supplementary benefits in Canada, payable to, and in respect of, contributors. This compulsory and contributory social insurance program (the Plan) enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. The Plan applies in all parts of Canada, except for the Province of Quebec which has a comparable plan.

The Minister of National Health and Welfare is responsible for the administration of the Act other than Part I. The Minister of National Revenue is responsible under Part I for collecting contributions from employers and employees.

Under the existing Canada Pension Plan legislation, benefits and expenses incurred in the administration of the Plan are financed from the contributions made by employees, employers and self-employed persons and from interest earned on the investment of funds not immediately needed for benefits and administrative costs.

The Canada Pension Plan Account (the Account) was established in the accounts of Canada by section 108.(1) of the *Canada Pension Plan Act* to record the contributions, interest, benefits and expenses of the Plan. The authority to pay benefits under the Plan is limited to the balance of the Account which was \$42,172 million at March 31, 1993.

The Canada Pension Plan Investment Fund (the Fund) was established in the accounts of Canada by section 109.(1) of the *Canada Pension Plan Act* to record the investment in securities of the provinces, territories and Canada.

(b) Financing

The Canada Pension Plan is financed on a pay-as-you-go basis except for a contingency reserve, the Investment Fund, which is planned over time, to equal about two years of benefits.

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

NOTES TO STATEMENTS FOR THE YEAR ENDED MARCH 31, 1993—Continued

Recognizing the need for higher rates of contributions, the legislation was amended in January 1987 to incorporate a 25-year schedule of contribution rates and a provision for its review every five years by the Minister of Finance and Ministers of the Crown from the included provinces. At each review the rates of the first 20 years are modified, if the Ministers agree, and the schedule is extended for an additional five years. Agreement is required by at least two-thirds of the included provinces having in the aggregate not less than two-thirds of the population of all of the included provinces. If the Ministers do not reach agreement at a five-year review, the five-year extension to the 25-year schedule is automatically set by the formula contained in the regulations.

For the 1992 and 1993 calendar years, the combined employer and employee contribution rates are 4.8 percent and 5.0 percent respectively, subject to maximum combined contributions of \$1,392 and \$1,505. Following their recent five-year review of the schedule of contribution rates, the Finance ministers agreed on annual increases in the combined employer and employee contribution rates of .20 percent for calendar years 1992 to 1996 to reach 5.6 percent, .25 percent for calendar years 1997 to 2006 to reach 8.1 percent, and .20 percent for calendar years 2007 to 2016 to reach 10.1 percent. The Canada Pension Plan was amended by Bill C-39 to incorporate these changes effective January 1, 1992. The next review of the 25-year schedule of contribution rates is required to take place prior to January 1, 1997.

The Fourteenth Actuarial Report prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions, dated December 1991, reveals that the desirable 2:1 ratio (in accordance with the provisions of section 113.1(4) (c)) of the Canada Pension Plan Account balance to the projected annual payments, will be maintained until 2002. This report, which was tabled in Parliament in April 1993, reveals that the ratio will gradually decrease to 1.54:1 in 2030 and then gradually increase to re-establish the desirable 2:1 ratio in 2050.

2. Accounting policies

Canada Pension Plan Account

Contributions, interest, benefits and expenses are recorded on a cash basis. Contributions received and expenses paid are based on estimates of the amount to be collected and cost of service provided and include adjustments between actual and estimated amounts of previous years. The balance of the Account represents the accumulated excess of contributions and interest over benefits and expenses to date.

Canada Pension Plan Investment Fund

All securities held are carried at cost, are non-negotiable and have a term of 20 years or such lesser period as may be determined by the Minister of Finance on the recommendation of the Chief Actuary of the Office of the Superintendent of Financial Institutions.

3. Interest

	1993	1992
(in thousands of dollars)		
Interest on investment in securities held by the Fund:		
Provinces and territory		
Newfoundland	88,664	86,574
Prince Edward Island	19,269	18,718
Nova Scotia	163,827	157,718
New Brunswick	119,625	116,726
Quebec	14,911	14,525
Ontario	1,952,598	1,899,228
Manitoba	227,835	223,126
Saskatchewan	190,573	186,188
Alberta	526,494	516,646
British Columbia	608,223	594,720
Yukon Territory	360	360
Canada	3,912,379	3,814,529
	357,165	355,851
	<hr/>	<hr/>
	4,269,544	4,170,380
Interest on operating balance on deposit with the Receiver General for Canada, at a weighted average rate of 6.21 percent (1992—8.22 percent)	229,342	292,757
	<hr/>	<hr/>
	4,498,886	4,463,137

The weighted-average rate of interest on securities purchased during the year was 9.37 percent (1992—9.92 percent).

4. Expenses

Expenses of the Account represent the costs of services charged by six federal government departments: Health and Welfare (administration); Revenue Canada—Taxation (collection of contributions); Supply and Services (cheque issue and computer services); Public Works (accommodation); Employment and Immigration (assignment and maintenance of social insurance numbers); and the Office of the Superintendent of Financial Institutions (actuarial services).

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—*Concluded*

NOTES TO STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1993—*Concluded*

5. Administration

Administration expenses charged to the Account by the Department of National Health and Welfare include \$10.5 million (1992—\$1.8 million) for the Income Security Programs redesign project. At March 31, 1993 the cumulative charges to the Account for this project amounted to \$16.3 million. The Account's share of the total cost of the project is estimated to be \$131 million.

6. Investment in securities

Operating balances on deposit with the Receiver General in excess of estimated cash requirements for the following three-month period are available for the purchase of securities of the provinces, territories and Canada. As required by the Canada Pension Plan, the monies available for security purchases are allocated to the provinces and territories based on the proportion of contributions credited to the Account during the preceding 10 years in respect of employment in a given province or a territory to the total contributions in those years. The portion attributed to certain other employees outside Canada continues to be invested in securities of Canada.

The securities of Quebec relate to the contributions of certain federal employees, such as members of the Canadian Armed Forces, who are residents in the Province of Quebec.

7. Benefit overpayments

Benefit overpayments are being incurred each year in an amount estimated to be in excess of \$100 million. These overpayments occur as a result of administrative error and, to a significant degree, because of disability recipients who return to work without advising the CPP Administration.

8. Contingencies

A number of persons who did not previously apply for a disability benefit, but who are potentially eligible, are being assisted by their province to secure their entitlement. Estimated unpaid retroactive entitlements related to these potential claims at March 31, 1993 amount to \$125 million.

At March 31, 1993 there were 18,591 (1992—10,233) appeals at various stages within the Canada Pension Plan. The estimated claims for these appeals against the Canada Pension Plan are \$140 million (1992—\$76 million).

Government Annuities Account

AUDITOR'S REPORT

TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have audited the balance sheet of the Government Annuities Account as at March 31, 1993 and the statements of operations and actuarial liabilities and changes in financial position for the year then ended. These financial statements are the responsibility of the Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in my opinion, the transactions of the Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Government Annuities Act*, the *Government Annuities Improvement Act*, and the Regulations.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 23, 1993

BALANCE SHEET AS AT MARCH 31, 1993
 (in thousands of dollars)

ASSETS	1993	1992	LIABILITIES	1993	1992
Deposit with Receiver General for Canada	724,751	764,981	Actuarial surplus due to Canada	1,832	2,679
Accrued interest due from Canada	53,683	56,554	Actuarial liabilities (Note 3)	776,750	819,053
Accounts receivable	148	197			
	778,582	821,732			

Approved by the Canada Employment and Immigration Commission:

JEAN JACQUES NOREAU
Chairperson

ROBERT LITTLE
Assistant Deputy Minister
Financial and Administrative Services

REPORT OF THE ACTUARY

I have valued the actuarial liabilities in the balance sheet of the Government Annuities Account at March 31, 1993 and their decrease in the Account's statement of operations for the year then ended, in accordance with accepted actuarial practice.

In my opinion, the evaluation is appropriate and the financial statements fairly present its results.

Michel Bédard
Fellow of the Canadian Institute of Actuaries
Chief Actuary
Employment and Immigration Canada

Hull, Canada
July 23, 1993

Government Annuities Account—Continued

STATEMENT OF OPERATIONS AND ACTUARIAL LIABILITIES
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Payments and other charges		
Annuity payments	92,652	95,124
Premium refunds	1,164	1,558
Unclaimed annuities	636	433
	94,452	97,115
Income		
Interest from Canada	53,683	56,554
Premiums	208	233
Other	90	71
	53,981	56,858
Excess of payments and other charges over income for the year	40,471	40,257
Actuarial liabilities, balance at beginning of the year	819,053	861,989
Actuarial surplus	778,582	821,732
Actuarial liabilities, balance at end of the year (Note 3)	1,832	2,679
	776,750	819,053
Actuarial liabilities are comprised of:		
Unmatured annuities, accumulated premiums and accrued interest	147,027	169,648
Matured annuities, present value	629,723	649,405
	776,750	819,053

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Funds were used for:		
Operations		
Excess of payments and other charges over income for the year	40,471	40,257
Decrease in accrued interest and accounts receivable	-2,920	-2,835
	37,551	37,422
Actuarial surplus remitted to Consolidated Revenue Fund	2,679	2,549
Total funds used	40,230	39,971
Deposit with Receiver General for Canada, balance at beginning of the year	764,981	804,952
Deposit with Receiver General for Canada, balance at end of the year	724,751	764,981

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Authority and purpose

The Government Annuities Account was established in 1908 by the *Government Annuities Act*, (the "Act"), as modified by the *Government Annuities Improvement Act* (the "Improvement Act").

The purpose of the Act was to assist individuals and groups of Canadians to provide for their later years by purchasing Government annuities. The *Improvement Act* increased the rate of return on Government annuity contracts to a rate of seven percent, increased their flexibility and discontinued future sales.

The Account is administered by the Canada Employment and Immigration Commission and operates through the Consolidated Revenue Fund.

2. Significant accounting policies

(a) Basis of accounting

The accounts of the Government Annuities Account are maintained on an accrual basis.

(b) Actuarial liabilities

Actuarial liabilities comprise: (i) in respect of unmatured annuities, accumulated premiums and accrued interest, and (ii) in respect of matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

(c) Actuarial surplus

At the end of any fiscal year, the recorded amount of actuarial liabilities may be different than the calculated amount of actuarial liabilities. The difference represents an actuarial surplus or deficit which is remitted to or recovered from the Consolidated Revenue Fund.

(d) Interest from Canada

Interest from Canada is calculated on actuarial liabilities as prescribed by the Improvement Act.

(e) Unclaimed annuities

Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

(f) Services provided without charge

The Account does not record the value of administrative services it receives without charge from the Canada Employment and Immigration Commission and other Government entities.

Government Annuities Account—Concluded**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 1993—Concluded****3. Actuarial liabilities**

The method utilized to calculate the actuarial liabilities of \$776,750,000 (1992—\$819,053,000) is in accordance with subsection 15(1) of the *Government Annuities Improvement Act* and the Regulations pertaining thereto.

The Government Annuities Regulations provide that the Mortality Tables to be used in determining the values of annuities shall be the Annuity Tables for 1949 modified by Projection Scale C.

The Commission undertakes an annual review of mortality experience to monitor the appropriateness of the mortality tables for valuation purposes. The results of the last study, completed in March 1993, indicate that the mortality tables in use continue to be appropriate for such purposes.

4. Respective roles of the valuation actuary and of the auditor

In accordance with the Joint Policy Statement of the Canadian Institute of Chartered Accountants and the Canadian Institute of Actuaries, dated March, 1991, it is appropriate to include a description of the respective roles of the actuary and of the auditor with the financial statements. Their respective roles are as follows:

- (a) The actuary, being in this case the Chief Actuary employed by the Canada Employment and Immigration Commission, determines and reports on the amount of actuarial liabilities for annuity contracts issued under the *Government Annuities Act*, as shown in the financial statements. This valuation is conducted in accordance with the Recommendations for Life Insurance Company Financial Reporting of the Canadian Institute of Actuaries. The Chief Actuary also determines that the method utilized to calculate the actuarial liabilities is in accordance with subsection 15(1) of the *Government Annuities Improvement Act* and the Regulations pertaining thereto.
- (b) The auditor expresses an opinion on the fairness of financial statements prepared by management. The audit is conducted in accordance with generally accepted auditing standards issued by the Canadian Institute of Chartered Accountants.

**Royal Canadian Mounted Police (Dependants)
Pension Fund**

AUDITOR'S REPORT

TO THE SOLICITOR GENERAL OF CANADA

I have audited the statement of net assets available for benefits and accrued pension benefits of the Royal Canadian Mounted Police (Dependants) Pension Fund as at March 31, 1993 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at March 31, 1993 and the changes in net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 26, 1993

**STATEMENT OF NET ASSETS AVAILABLE FOR
BENEFITS AND ACCRUED PENSION BENEFITS
AS AT MARCH 31, 1993**

	1993	1992
	\$	\$
Net assets available for benefits		
Due from the Consolidated Revenue Fund	22,649,767	20,933,314
Interest receivable on Due from the Consolidated Revenue Fund	528,997	
	22,649,767	21,462,311
Accrued pension benefits (Pension obligations)		
Actuarial present value of accrued pension benefits (Note 3)	15,082,000	17,320,000
Excess of net assets available for benefits over actuarial present value of accrued pension benefits	7,567,767	4,142,311

Approved:

ANDRÉ MASSÉ
Coordinator
RCMP Services Office

NORMAN D. INKSTER
Commissioner

**STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED MARCH 31, 1993**

	1993	1992
	\$	\$
Increase in assets		
Interest income on Due from the Consolidated Revenue Fund	2,301,292	2,157,618
Contributions from participants	16,211	17,363
Total increase in assets	2,317,503	2,174,981
Decrease in assets		
Benefits payments:		
Widows and children	985,362	955,004
Lump sum (estate)	144,685	
Total decrease in assets	1,130,047	955,004
Increase in net assets	1,187,456	1,219,977
Net assets available for benefits at beginning of year	21,462,311	20,242,334
Net assets available for benefits at end of year	22,649,767	21,462,311

Royal Canadian Mounted Police (Dependants) Pension Fund—Continued

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1993

1. Description of the plan

The following brief description of the Royal Canadian Mounted Police (Dependants) Pension Fund is for general information only. For more complete information, reference should be made to the *Royal Canadian Mounted Police Pension Continuation Act* (the Act). All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

(a) General

The Royal Canadian Mounted Police (Dependants) Pension Fund was established in 1934 pursuant to the *Royal Canadian Mounted Police Act* and is currently operated under Part IV of the *Royal Canadian Mounted Police Pension Continuation Act* (effective 1959) and the related Regulations.

The Act provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, to purchase certain survivorship benefits for their dependants by payment of specified contributions.

(b) Funding policy

All eligible members have now retired and, as such, there are no more active members contributing to the Fund; however, many retired members are still making instalment payments in respect of previous elections made before their retirement.

Section 56 of the Act directs the Minister of Finance to have an actuarial valuation of the Fund prepared at least once every 5 years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase pensions. If there is an actuarial deficiency, the Governor in Council may direct that there be credited to the Fund, out of any unappropriated moneys in the Consolidated Revenue Fund, such amount as may be required to re-establish solvency of the Fund.

(c) Government contributions

So far the Government of Canada has not made, and was not required to make, any contributions to the Fund as a guarantor of its solvency. However, the Government of Canada credits the Fund with interest computed quarterly on the balance of the Due from the Consolidated Revenue Fund at the end of the preceding quarter. The interest income corresponds to an annual rate of return of about 10.9 percent in 1993 (1992—10.9 percent).

(d) Basic death benefits

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has not withdrawn them from the Fund.

i) Widows' pensions

The widow is entitled to the pension purchased by the member. In many cases the pension equals approximately 1.5 percent of the member's final pay multiplied by his years of credited service. The pension is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

ii) Eligible children's annuities

An annuity, not exceeding 7 percent of the member's final pay, is payable to each surviving child eligible in accordance with the provisions of the Act at that time. If there is no surviving widow or if the widow dies before the child's annuity ceases, the amount of the annuity doubles.

iii) Lump sum benefits

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit. The lump sum amount is equal to the actuarial present value of a pension to a hypothetical surviving widow 20 years older than the member at his death, but not exceeding 75 years of age.

iv) Benefit limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are smaller than those normally available. This type of limitation can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow. A similar limitation applies to a member who marries before age 60 after termination of service and dies within 5 years after such marriage, unless the member satisfies the Commissioner he is in sound health.

(e) Dividends on death benefits

The Act also provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments to be made out of it, the Governor in Council may by order increase the benefits provided under Part IV, or any of them, in such manner as may appear equitable and expedient.

Royal Canadian Mounted Police (Dependants) Pension Fund—Concluded

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1993—Concluded

To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective. As a result, the pension payments made in the year included an increase of 410 percent (380 percent in 1992) of the basic pension amount.

(f) Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV and those of his dependants shall cease upon such election.

All returns of contributions are made without interest.

2. Significant accounting policies

(a) Basis of presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity independent of the sponsor and Fund members.

(b) Increases and decreases in assets are recorded on the accrual basis.

(c) Services provided without charge

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies. These services include the following:

- management and other support services from the Royal Canadian Mounted Police;
- actuarial valuation and other services from the Office of the Superintendent of Financial Institutions;
- accounting and cheque issue from Supply and Services Canada; and,
- audit from the Office of the Auditor General.

3. Obligations for pension benefits

The most recent actuarial valuation for funding purposes was made as at March 31, 1992 by the Director, Government Services Division of the Office of the Superintendent of Financial Institutions. The valuation disclosed an actuarial surplus of \$8,808,000. A portion, estimated at \$1,943,000, of this surplus will be distributed by an increase in the basic pension amount of 50 percent effective on April 1, 1993 and a further increase of 50 percent effective on April 1, 1994. A further \$59,000 will be used to increase lump sum benefit payments.

The remaining \$6,806,000 balance of the actuarial surplus is intended to be used over the remaining life of the Fund for the payment of annual increases of 2.1 percent above the inflation rate of the then current pension benefits starting on April 1, 1995. The remaining life of the Fund is estimated at 47 years at the end of the year. The average age of the members and widows was about 71 and 73 years old respectively as at March 31, 1992 and the expected average number of years of benefits payments to the current widows is about 13 years.

The obligations for pension benefits are determined on an actuarial basis and incorporate the actuary's best estimates of future economic events such as inflation and interest rates. They incorporate, initially, the effects of current economic conditions which are blended gradually into long-term economic assumptions. The expected long-term assumptions beginning in ten years (for year 2003) are estimated to be a 6 percent interest rate on new money and a 3 percent inflation rate. Even minor variations in these assumptions can result in a significantly higher, or lower, estimate of the liability.

The results of the 1992 valuation were extrapolated to March 31, 1993. The actuarial present value of accrued pension benefits as at March 31, 1993 (net after deduction of \$85,000 (\$120,000 in 1992) representing the present value of participants' future instalment payments) and the principal components of changes in the actuarial present value during the year were estimated as follows:

	1993	1992
	\$	\$
Actuarial present value of accrued pension benefits at beginning of year .	17,320,000	17,397,000
Net adjustment arising from experience gains and losses and from other changes in actuarial assumptions as at March 31, 1992	-4,666,000	
Amendments to the plan, including dividend increases	2,002,000	
Net interest accrued on benefits	1,540,000	1,011,000
Contributions from participants	16,000	17,000
Benefits payments	-1,130,000	-955,000
Actuarial gains	-150,000	
Actuarial present value of accrued pension benefits at end of year	15,082,000	17,320,000

4. Comparative figures

Certain 1992 figures have been reclassified to conform with the presentation adopted for 1993.

SECTION 8

1992-93 PUBLIC ACCOUNTS

Other Liabilities

CONTENTS

	<i>Page</i>
Interest and matured debt	8.4
Accounts payable and accrued liabilities	8.5
Outstanding cheques and warrants	8.6
Allowance for employee benefits	8.6
Allowance for borrowings of agent enterprise Crown corpora- tions expected to be repaid by the Government	8.6

OTHER LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities under "Other Liabilities". The establishment and operation of these accounts is authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent current liabilities set up at year end under the authority granted to the President of the Treasury Board in the *Financial Administration Act*.

Chart A presents other liabilities by category for the current fiscal year, while Chart B compares other liabilities for the last five fiscal years. Table 8.1 presents the year-end balances for other liabilities.

The tables in this section present the continuity of accounts, by showing the opening and closing balances.

CHART A OTHER LIABILITIES (in millions of dollars)

Accounts payable
and accrued liabilities

10,755
(38%)

Interest and matured debt
7,046
(25%)

Outstanding cheques
and warrants

3,228
(12%)

Allowance for
employee benefits
3,285
(12%)

Allowance for
borrowings of agent
enterprise Crown
corporations

3,560
(13%)

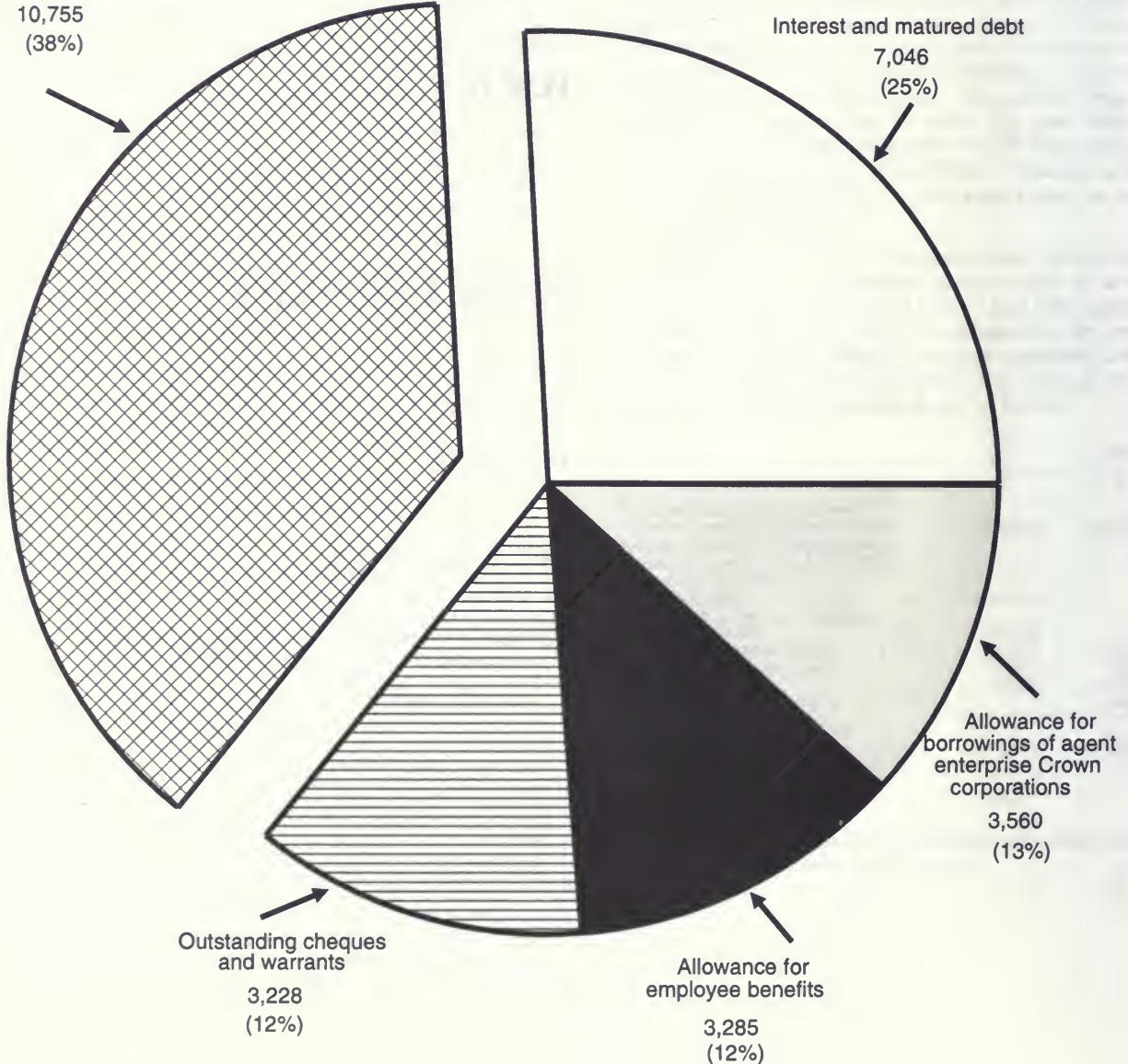


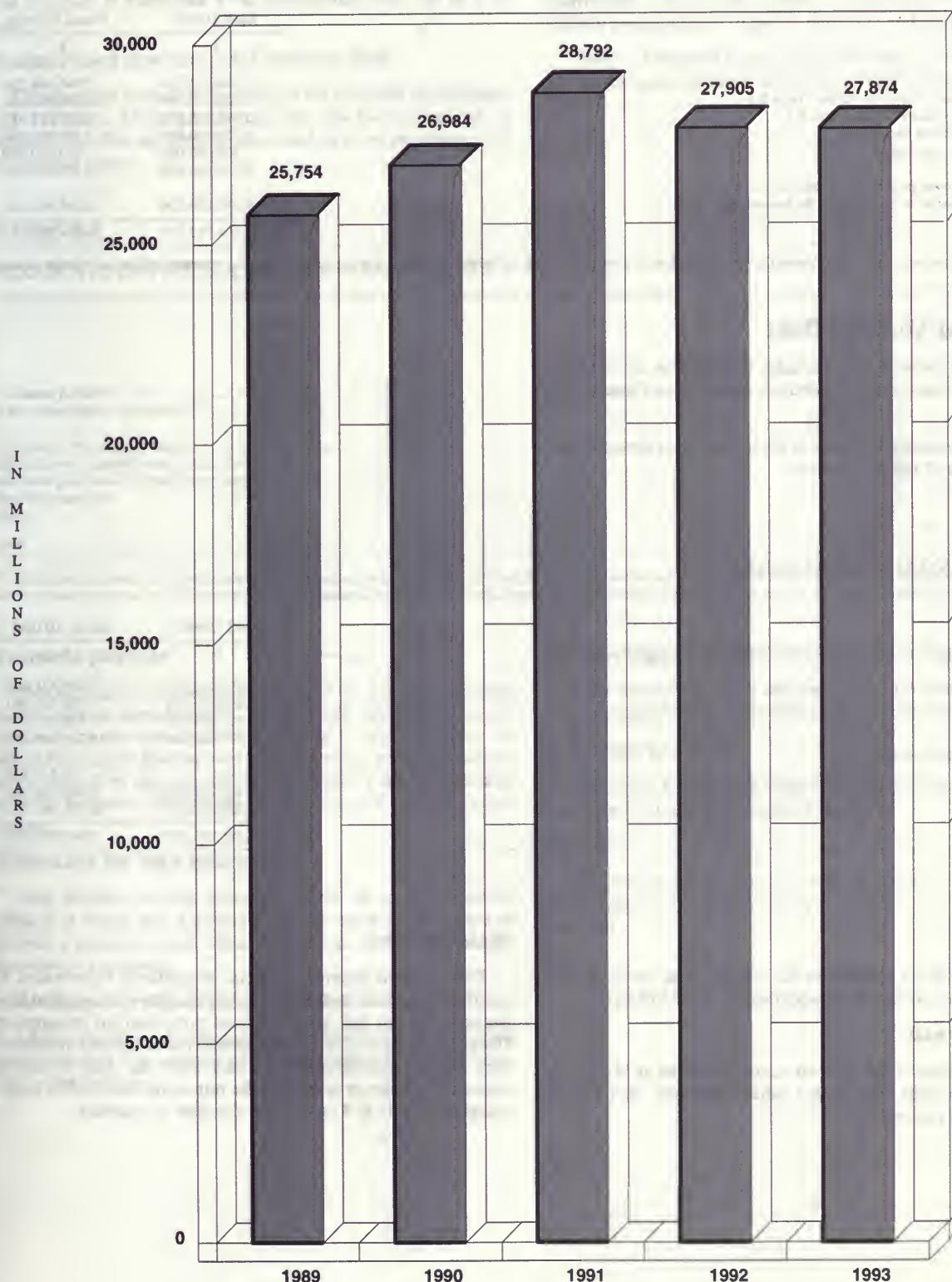
CHART B
OTHER LIABILITIES

TABLE 8.1

OTHER LIABILITIES

	April 1/1992	March 31/1993
	\$	\$
Interest and matured debt, Table 8.2.....	7,186,773,510	7,046,088,720
Accounts payable and accrued liabilities, Table 8.3.....	11,542,480,374	10,754,615,130
Outstanding cheques and warrants, Table 8.4.....	2,695,458,375	3,228,593,487
Allowance for employee benefits.....	2,850,000,000	3,150,000,000
Add: consolidation adjustment ⁽¹⁾	200,000,000	135,000,000
	3,050,000,000	3,285,000,000
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government, Table 8.5.....	3,430,000,000	3,560,000,000
Total.....	27,904,712,259	27,874,297,337

⁽¹⁾ Additional information on the consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued, matured debt and unamortized discount on Canada and Treasury bills.

Table 8.2 presents a summary of the balances for the accounts in this category of other liabilities.

TABLE 8.2

INTEREST AND MATURED DEBT

	April 1/1992	March 31/1993
	\$	\$
Interest due.....	4,296,492,213	3,866,821,410
Interest accrued.....	5,898,646,098	5,782,881,860
Matured debt.....	317,887,495	372,327,158
	10,513,025,806	10,022,030,428
Less: unamortized discount on—		
Canada bills.....		14,342,874
Treasury bills.....	3,326,252,296	2,961,598,834
	3,326,252,296	2,975,941,708
Total.....	7,186,773,510	7,046,088,720

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to non-tax revenue if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier; the minimum time before such a transfer is made is 5 years from the date of maturity.

Unamortized discount on Canada Bills

This account records the portion of the discount on outstanding Canada bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue.

Unamortized discount on Treasury Bills

This account records the portion of the discount on outstanding Treasury bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue.

TABLE 8.3

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 1/1992	March 31/1993
	\$	\$
Accounts payable	10,424,828,291	9,326,931,752
Add: consolidation adjustment ⁽¹⁾	474,177,000	387,501,000
	10,899,005,291	9,714,432,752
Allowance for loan guarantees	590,000,000	995,000,000
Miscellaneous departmental paylist deductions	8,917,580	24,971,114
Borrowings of consolidated Crown corporations ⁽¹⁾	15,870,000	
Suspense accounts	28,653,266	20,118,236
Other	34,237	93,028
Total	11,542,480,374	10,754,615,130

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Accounts payable

This account records amounts owing at the year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, relating to appropriations on which Parliament has imposed annual ceiling, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations.

Allowance for loan guarantees

This account records potential losses on loan guarantees when it is likely that a payment will be made in the future to honour a guarantee and when the amount of the loss can be reasonably estimated.

Miscellaneous departmental paylist deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities includes accounts payable, an allowance for loan guarantees, miscellaneous departmental paylist deductions, borrowings of consolidated Crown corporations, suspense accounts and other accounts.

Table 8.3 presents a summary of the balances for the accounts in this category of other liabilities.

Borrowings of consolidated Crown corporations

This account records the unconditional obligations of the Government for the consolidated Crown corporations.

Suspense accounts

Accounts in which transactions are recorded temporarily, pending their ultimate disposition.

Other

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

Outstanding Cheques and Warrants

This account records cheques and warrants issued but not yet presented for payment.

Table 8.4 presents a summary of the balances for the accounts in this category of other liabilities.

TABLE 8.4

OUTSTANDING CHEQUES AND WARRANTS

	April 1/1992	March 31/1993
	\$	\$
Outstanding cheques	2,349,047,855	2,814,362,085
Imprest account cheques	540,011	494,048
Unemployment insurance warrants	345,870,509	413,737,354
Total	2,695,458,375	3,228,593,487

Outstanding cheques

Cheques issued in Canadian dollars, and unpaid at March 31, are recorded in this account. Cheques outstanding for 10 years are transferred to non-tax revenue. During the year, an amount of \$8,492,376 was transferred to non-tax revenue.

Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

Imprest account cheques

Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to non-tax revenue), are recorded in this account. During the year, an amount of \$610,339 was transferred to non-tax revenue.

Unemployment insurance warrants

This account records outstanding Unemployment insurance benefit warrants.

Allowance for Employee Benefits

This account records allowances for amounts owing for earned and unpaid annual vacation leave and compensation time, for employee benefits payable upon termination of employment and for unsigned pay adjustments.

Allowance for Borrowings of Agent Enterprise Crown Corporations Expected to be Repaid by the Government

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government.

This account reports the borrowings of agent enterprise Crown corporations expected to be repaid by the Government (see Table 6.6 in Section 6 of this volume).

Table 8.5 presents a summary of the balances for the accounts in this category of other liabilities.

TABLE 8.5

ALLOWANCE FOR BORROWINGS OF AGENT ENTERPRISE CROWN CORPORATIONS EXPECTED TO BE REPAYED BY THE GOVERNMENT

	April 1/1992	March 31/1993
	\$	\$
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government—		
Borrowings of agent enterprise Crown corporations	18,578,282,000	18,582,549,000
Less: borrowings expected to be repaid by these enterprise Crown corporations	15,148,282,000	15,022,549,000
Total	3,430,000,000	3,560,000,000

SECTION 9

1992-93 PUBLIC ACCOUNTS

Foreign Exchange Accounts

CONTENTS

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International reserves held in the Exchange Fund Account	9.3
International Monetary Fund—Subscriptions	9.4
International Monetary Fund—Notes payable	9.4
Special Drawing Rights allocations	9.4
Supplementary statement— Exchange Fund Account	9.5

FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Net gains resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are credited to revenue, and net losses are charged to budgetary expenditure of the Department of Finance.

Chart A compares the foreign exchange assets and liabilities for the last five fiscal years. Table 9.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to \$5,409 million as at March 31, 1993 (\$3,444 million as at March 31, 1992); details relating to these obligations are presented in Section 10 of this volume.

CHART A FOREIGN EXCHANGE ACCOUNTS

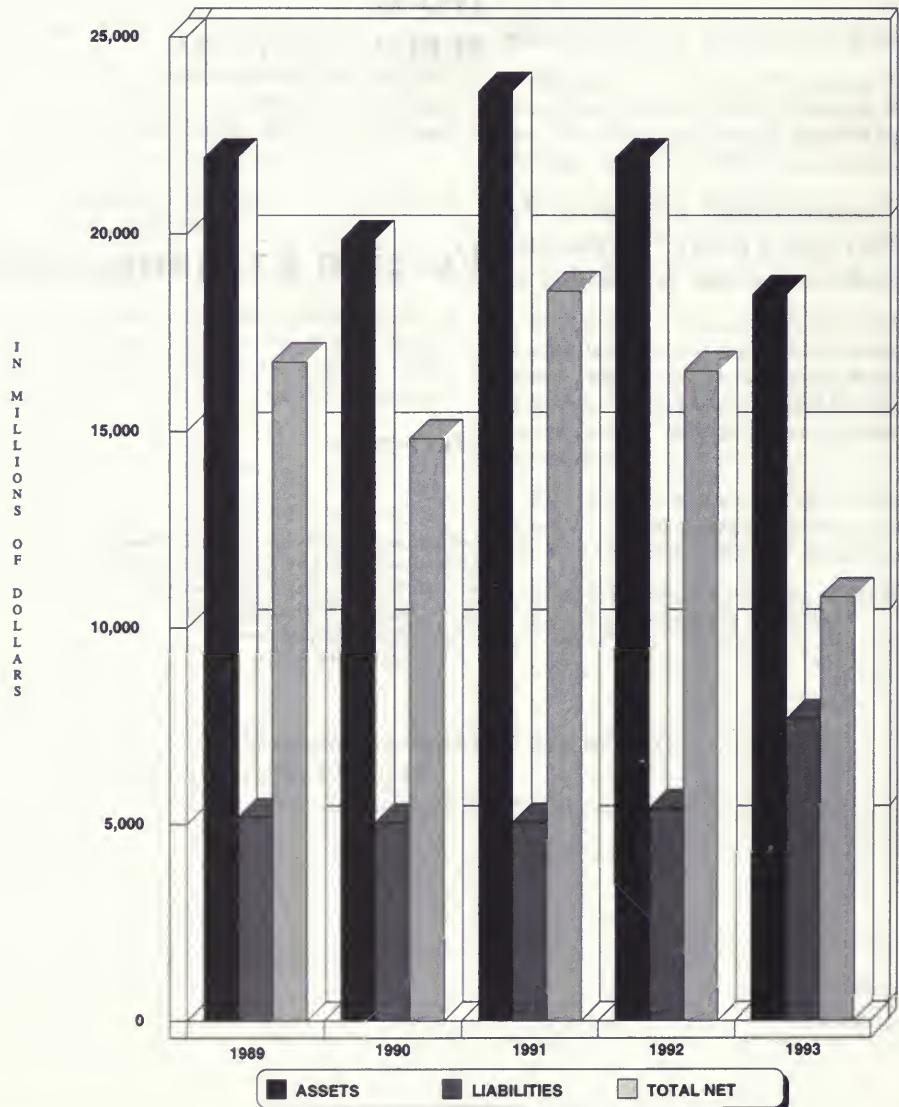


TABLE 9.1**FOREIGN EXCHANGE ACCOUNTS**

	April 1/1992	Payments and other charges	Receipts and other credits	March 31/1993
	\$	\$	\$	\$
International reserves held in the Exchange Fund Account	17,147,735,943	62,809,036,741	69,077,851,615	10,878,921,069
International Monetary Fund—Subscriptions	4,797,565,070	2,802,015,442		7,599,580,512
Less: International Monetary Fund—Notes payable	21,945,301,013	65,611,052,183	69,077,851,615	18,478,501,581
Special Drawing Rights allocations	4,128,749,372	2,150,202,007	4,331,770,157	6,310,317,522
	1,271,232,398		99,569,884	1,370,802,282
	5,399,981,770	2,150,202,007	4,431,340,041	7,681,119,804
Total foreign exchange accounts	16,545,319,243	67,761,254,190	73,509,191,656	10,797,381,777

International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and Special Drawing Rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each calendar year. The financial statements as at December 31, 1992, together with the Auditor General's report thereon, are found at the end of this section.

Table 9.2 shows foreign exchange reserves held by and advances to the Exchange Fund Account as at March 31, 1993. Gold held by the Account is valued at 35 SDRs per fine ounce (\$61.57 Cdn as at March 31, 1993 and \$57.09 Cdn as at March 31, 1992).

In 1992-93, payments and other charges consisted of advances to the Exchange Fund Account in the amount of \$62,192 million, a valuation adjustment of \$242 million and an adjustment of \$375 million to recognize the net income of the Exchange Fund Account for the period January 1 to March 31. Receipts and other credits consisted of repayments of advances of \$69,078 million.

TABLE 9.2**INTERNATIONAL RESERVES HELD IN THE EXCHANGE FUND ACCOUNT
(in millions of dollars)**

	March 31/ 1993	March 31/ 1992
US cash on deposits	114	67
US dollar short-term deposits	2,657	2,273
US dollar investments	4,544	7,698
Deutsche marks cash on deposits	3	14
Deutsche marks short-term deposits	316	1,171
Japanese yen cash on deposits	7	2
Japanese yen short-term deposits	1,329	3,216
Swiss francs cash on deposits		11
Swiss francs short-term deposits		156
Special Drawing Rights	1,344	1,836
Gold	564	703
Canadian cash on deposits	1	1
Total	10,879	17,148
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollars (1993, \$3,776 million US; 1992, \$2,304 million US)	4,752	2,740
Swiss francs (1992, SF 200 million)		159
Japanese yen (1993, Y 60,000 million; 1992, Y 60,000 million)	658	538
Special Drawing Rights (1993, SDR 38 million; 1992, SDR 383.3 million)	67	625
Canadian dollar deposit with the Receiver General for Canada	5,027	12,372
Total advances from the Consolidated Revenue Fund	10,504	16,434
Total net income from January 1 to March 31	375	714
Total	10,879	17,148

International Monetary Fund—Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of the SDR, a unit of account defined in terms of a "basket" of five major currencies.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars. In 1992-93, payments and other charges consisted of a maintenance of value adjustment of \$313 million, a valuation adjustment of \$83 million and an increase in its quota of \$2,406 million.

International Monetary Fund—Notes Payable

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 1992-93, notes payable to the IMF increased by \$2,181 million.

Special Drawing Rights Allocations

This account records the value of SDRs allocated to Canada by the IMF. The Special Drawing Right is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 1992-93, receipts and other credits consisted of a valuation adjustment of \$100 million.

SUPPLEMENTARY STATEMENT

Exchange Fund Account

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Responsibility for the financial statements of the Exchange Fund Account rests with the Department of Finance. The operation of the Account is governed by the provisions of Part II of the *Currency Act*. The Account is administered by the Bank of Canada as fiscal agent.

The financial statements were prepared in accordance with the stated accounting policies of the Government of Canada set out in Note 2 to the financial statements. These policies were applied on a basis consistent with that of the preceding year.

The Department of Finance establishes policies for Exchange Fund Account transactions and investments, and related accounting activities. It also ensures that the Account's activities comply with the statutory authority of the *Currency Act*.

The Bank of Canada effects transactions for the Account and maintains records, as required to provide reasonable assurance regarding the reliability of the financial statements. The Bank reports to the Department of Finance on the financial position of the Account and on the results of its operations.

The Auditor General of Canada conducts an independent audit of the financial statements of the Account and reports the results of his audit to the Minister of Finance.

The Annual Report of the Account is tabled in Parliament along with the financial statements, which are part of the Public Accounts, and are referred to the Standing Committee on Public Accounts for their review.

Approved:

J.W. CROW
Governor
Bank of Canada

D.A. DODGE
Deputy Minister
Department of Finance

JOHN MURRAY
Chief, International Department
Bank of Canada

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of the Exchange Fund Account as at December 31, 1992 and the statement of revenues due to the Consolidated Revenue Fund for the year then ended. These financial statements are the responsibility of the Department of Finance. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Department of Finance, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at December 31, 1992 and the revenues due to the Consolidated Revenue Fund for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 2 to the financial statements.

Further, in my opinion, the transactions of the Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of Part II of the *Currency Act*.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 26, 1993

PUBLIC ACCOUNTS, 1992-93

Exchange Fund Account—Continued

BALANCE SHEET AS AT DECEMBER 31, 1992
(in millions of dollars)

ASSETS	1992		1991		LIABILITIES	1992	1991
	US	C	US	C			
Denominated in US dollars							
Cash and short-term deposits ...	1,788	2,273	2,678	3,095	Due to the Consolidated Revenue Fund		
Marketable securities (Note 3) ...	2,626	3,338	3,962	4,578	Advances (Note 9)	5,919	13,386
	<u>4,414</u>	<u>5,611</u>	<u>6,640</u>	<u>7,673</u>	Revenues for the year	3,548	2,227
Denominated in other foreign currencies							
Cash and short-term deposits (Note 4)	412	523	1,234	1,427			
Marketable securities (Note 5) ...	1,091	1,387	3,386	3,913			
	<u>1,503</u>	<u>1,910</u>	<u>4,620</u>	<u>5,340</u>			
Denominated in special drawing rights							
Special drawing rights (Note 6)	1,051	1,336	1,600	1,849			
Gold (Note 7)	479	609	649	750			
	<u>1,530</u>	<u>1,945</u>	<u>2,249</u>	<u>2,599</u>			
Official international reserve assets (Note 8)							
	<u>7,447</u>	<u>9,466</u>	<u>13,509</u>	<u>15,612</u>			
Denominated in Canadian dollars							
Cash		1		1			
		<u>9,467</u>		<u>15,613</u>			
						9,467	15,613

Commitments (Note 10)

Approved:

J.W. CROW
Governor
Bank of Canada

D.A. DODGE
Deputy Minister
Department of Finance

JOHN MURRAY
Chief, International Department
Bank of Canada

Exchange Fund Account—Continued

STATEMENT OF REVENUES DUE TO THE CONSOLIDATED REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 1992 (in millions of Canadian dollars)

	1992	1991
Investment income		
Cash and short-term deposits	330	568
US dollar securities	633	689
Special drawing rights	116	131
Gold loans	8	13
	1,087	1,401
Other income		
Gain on sales of gold	1,078	645
Net foreign exchange gains (Note 11)	1,383	181
	2,461	826
Revenues for the year due to the Consolidated Revenue Fund (Note 2 (f)) .	3,548	2,227

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1992

1. Authority and objective

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act* (the Act). The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account.

The main objective of the Account is to aid in the control and protection of the external value of the Canadian dollar, and the Minister acquires or sells for the Account those assets which are deemed appropriate for this purpose in accordance with the Act.

2. Significant accounting policies

The following accounting policies, which conform to the stated accounting policies of the Government of Canada as used in Public Accounts, have been applied on a basis consistent with that of the preceding year.

(a) Valuation of assets

Securities are adjusted for amortized premiums or discounts where applicable. Securities, cash, short-term deposits and special drawing rights (SDRs) include accrued interest. The SDR is a unit of account issued by the International Monetary Fund (IMF), and its value is determined in terms of a basket of five major currencies.

Gold includes gold loans and accrued interest on gold loans. Gold is held in the Account at a value of 35 SDRs per fine ounce.

(b) Translation of foreign currencies and SDRs

Investment income in foreign currencies and SDRs is translated into Canadian dollars at the foreign exchange rates prevailing on the date the income is recorded.

Net foreign exchange gains or losses result from the translation of foreign currency balances and transactions throughout the year.

Assets and liabilities denominated in foreign currencies and SDRs are translated into Canadian and US dollar equivalents at year-end market exchange rates, which were as follows:

	1992	1991
US dollar	1.270900	1.155500
Japanese yen	0.010180	0.009256
Deutsche mark	0.784300	0.761200
Swiss franc	0.866400	0.851800
Special drawing right	1.747491	1.652856

(c) Investment income

Investment income is recorded on an accrual basis and includes interest earned, amortization of premiums and discounts, and gains and losses on the sale of securities.

(d) Disposition of revenues

The revenues for the year are payable to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the year in accordance with the Act.

(e) Services received without charge

The Account receives, without charge, administrative, custodial and fiscal agency services from the Bank of Canada.

(f) Interest free advances

The Account receives interest-free advances from the Consolidated Revenue Fund.

3. Marketable securities denominated in US dollars

	1992	1991	
	US	C	US
	(in millions of dollars)		
US Government securities	2,300	2,924	3,566
Sovereign paper	100	127	94
International Bank for Reconstruction and Development bonds	218	277	255
Accrued interest	8	10	47
	2,626	3,338	3,962
			4,578

Estimated market value at year end:

1992—US\$ 2,633 million (C\$ 3,346 million)

1991—US\$ 4,033 million (C\$ 4,660 million)

Exchange Fund Account—Continued

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—Continued

4. Cash and short-term deposits denominated in other foreign currencies

	1992		1991	
	US	C	US	C
(in millions of dollars)				
Japanese yen	40	50	150	174
Deutsche marks	372	473	932	1,077
Swiss francs			152	176
	412	523	1,234	1,427

5. Marketable securities denominated in other foreign currencies

	1992		1991	
	US	C	US	C
(in millions of dollars)				
Japanese government securities	1,091	1,387	3,386	3,913

Estimated market value at year end:

1992—US\$ 1,091 million (C\$ 1,387 million)
1991—US\$ 3,389 million (C\$ 3,916 million)

6. Special drawing rights

	1992		1991	
	US	C	US	C
(in millions of dollars)				
Held at the end of the year	756		1,106	
Accrued interest	9		13	
	765		1,119	
1992				
US	C	US	C	

Held at the end of the year ... 1,039 1,320 1,582 1,827
Accrued interest 12 16 18 22

1,051 1,336 1,600 1,849

7. Gold

	1992		1991	
	US	C	US	C
(in thousands of fine ounces)				
Held at the beginning of the year				
Gold	10,026		10,870	
Gold loans	2,937		3,893	
	12,963		14,763	
Sold during the year	3,020		1,800	
Held at the end of the year	9,943		12,963	
Composed of				
Gold	6,211		10,026	
Gold loans	3,732		2,937	
	9,943		12,963	
1992				
US	C	US	C	

	1992		1991	
	US	C	US	C
(in millions of dollars)				
Held at the end of the year				
Gold	299		380	
Gold loans	179		228	
Accrued interest on gold loans	1		1	
	479		609	
			649	
			750	

The book value, market value (based on London fixings), and approximate Canadian dollar cost of gold and gold loans at historical rates of exchange, excluding accrued interest on gold loans, at year end are:

	1992		1991	
	Price per fine ounce	Total value in millions	Price per fine ounce	Total value in millions
Book value—US\$	48.13	479	50.07	649
—C\$	61.17	609	57.85	750
Market value—US\$	332.90	3,310	353.40	4,581
—C\$	423.08	4,207	408.35	5,293
Approximate historical cost—C\$	36.91	367	36.91	478

The Minister of Finance has authorized loans and/or sales, at market prices, of part of the gold held by the Account, to the Royal Canadian Mint and others.

Exchange Fund Account—Continued

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—Continued

8. Official international reserve assets

The Account is the principal repository of Canada's official international reserves. Reserves are comprised of the Account's foreign assets, of deposit balances in foreign currencies held by the Receiver General (or CRF) and by the Bank of Canada, and of Canada's reserve position in the International Monetary Fund. At December 31, 1992 total reserves, as published by the Department of Finance, amounted to US\$ 11.9 billion (1991—US\$ 16.9 billion) of which the Account accounted for US\$ 7.4 billion (1991—US\$ 13.5 billion). The remaining US\$ 4.5 billion (1991—US\$ 3.4 billion) was held by the Bank of Canada and the CRF.

9. Due to the Consolidated Revenue Fund—Advances

The Account is funded by advances from the CRF. These are currently limited to C\$ 25 billion by Order in Council dated June 30, 1988. The CRF does not charge interest on advances to the Account. At year end, advances from the CRF consisted of:

	1992	1991
	(in millions of Canadian dollars)	
Canadian dollars	2,073	9,319
US dollars	3,168	2,707
Japanese yen	611	556
Swiss francs		170
Special drawing rights	67	634
	<u>5,919</u>	<u>13,386</u>

The proceeds of Canada's borrowings in foreign currency and allocations of SDRs by the IMF have been advanced from the CRF to the Account. Repayments of foreign currency debt are made using the resources of the Account. Interest payable by Canada on borrowings in foreign currencies and charges on SDR allocations to Canada are charged directly to the CRF.

10. Commitments

(a) Currency swaps

The Account enters into short-term currency swap arrangements with the Bank of Canada and with major financial institutions. The objective of swaps with the Bank of Canada is to assist the Bank in its cash management operations while the objective of swaps with financial institutions is to assist the Government in managing its domestic cash balances in a more cost-effective manner. Under these agreements, the Account

sells US dollars for Canadians dollars, with simultaneous agreements to repurchase US dollars on future dates at predetermined exchange rates. Swaps with the Bank of Canada are unwound at the same exchange rates as those used in the initial sales, while the rates used in swaps with financial institutions reflect the premium or discount prevailing in the market at the time the swaps were entered into. These swaps result in decreases in the Account's foreign currency assets and in the level of advances from the CRF. The effect is reversed when the swaps mature. Net foreign exchange gains or losses on currency swaps are recorded at maturity using exchange rates prevailing at that time.

At year end, the Account had the following commitments to repurchase US dollars under swap arrangements:

	1992		1991	
	US	C	US	C
(in millions of dollars)				
Bank of Canada	3,314	4,208	2,645	3,042
Financial institutions			2,000	2,282
	<u>3,314</u>	<u>4,208</u>	<u>4,645</u>	<u>5,324</u>

(b) Uncompleted transactions

At year end, the Account had short-term commitments for net sales of US\$ 87 million (1991—Net purchases of US\$ 4 million) against C\$ 111 million (1991—C\$ 5 million).

(c) Gold options

During the year the Minister of Finance authorized the sale of call options on part of the Account's gold holdings. Under such transactions, the Account receives a premium against commitments to sell gold, at predetermined prices, on the expiry date of the options which can be exercised at the holder's discretion. No gold is sold unless the holders of the options exercise their right on the expiry dates.

At year end, the Account had commitments to sell 20,000 (1991—40,000) fine ounces of gold, under short-term call option contracts with a total value of US \$ 7 million (1991—US\$ 15 million).

Exchange Fund Account—*Concluded*NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

11. Net foreign exchange gains (losses)

	1992		1991	
	Assets	Liabilities	Total	Total
(in millions of Canadian dollars)				
Assets and liabilities denominated in:				
US dollars	1,209	-223	986	-60
Japanese yen	267	-56	211	263
Deutsche marks	77		77	-48
Swiss francs	-13	12	-1	25
Special drawing rights	155	-45	110	1
	<u>1,695</u>	<u>-312</u>	<u>1,383</u>	<u>181</u>

12. Related party transactions

The Account is related in terms of common ownership to Government of Canada departments, agencies and Crown corporations. It effects transactions with such entities in the normal course of business.

13. Subsequent event

An Act to amend the *Currency Act* was introduced to the Senate and received first reading on December 14, 1992. The proposed amendments would update and clarify the investment authority of the Minister of Finance with respect to the management of the Account's assets and the use of financial instruments.

14. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

SECTION 10

1992-93 PUBLIC ACCOUNTS

Unmatured Debt

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UNMATURED DEBT

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as issues and retirements.

Chart A presents unmatured debt by category for the current fiscal year while Chart B compares unmatured debt for the last five fiscal years. Table 10.1 presents the transactions and year-end balances of unmatured debt.

CHART A
UNMATURED DEBT
(in millions of dollars)

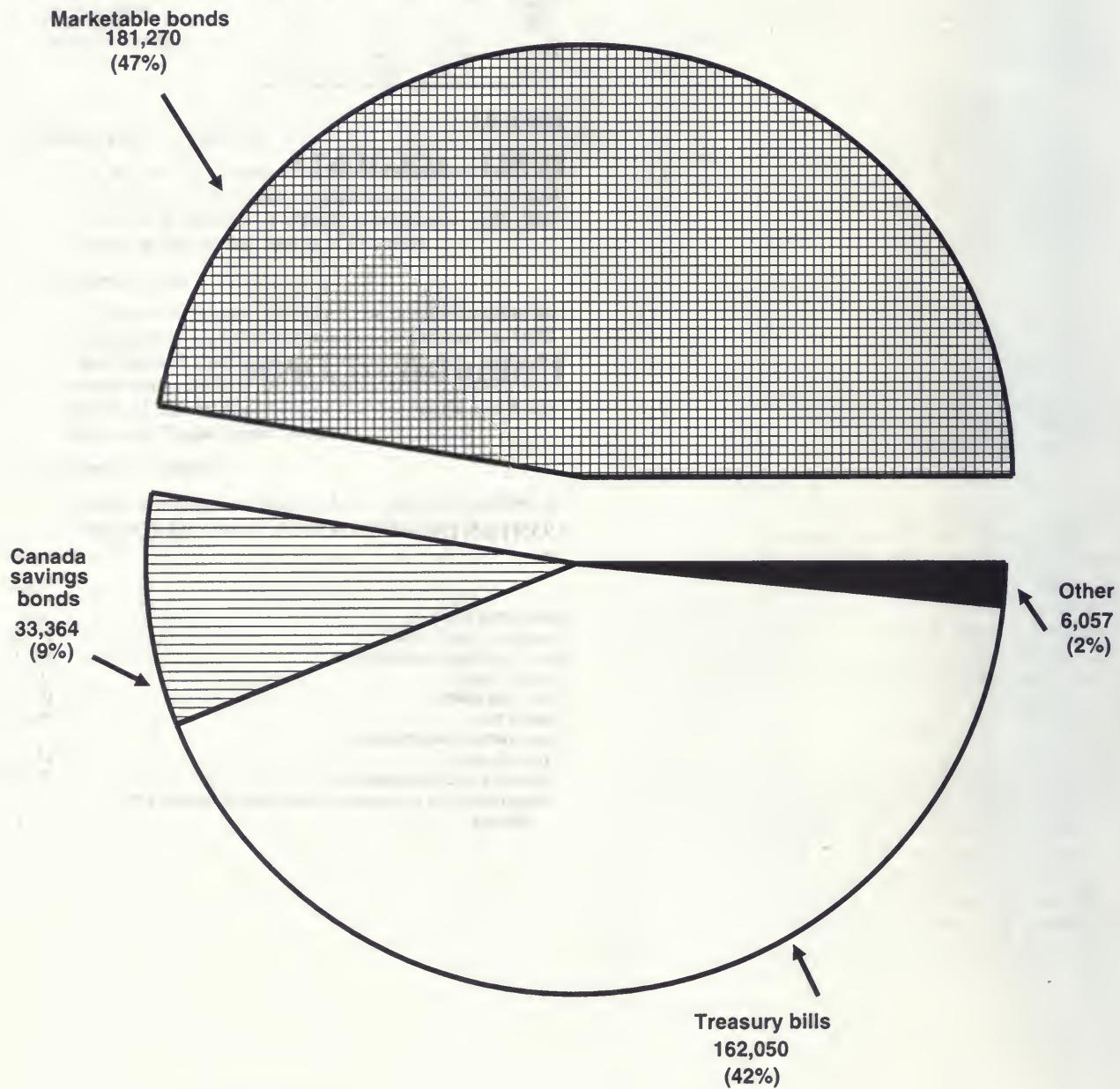


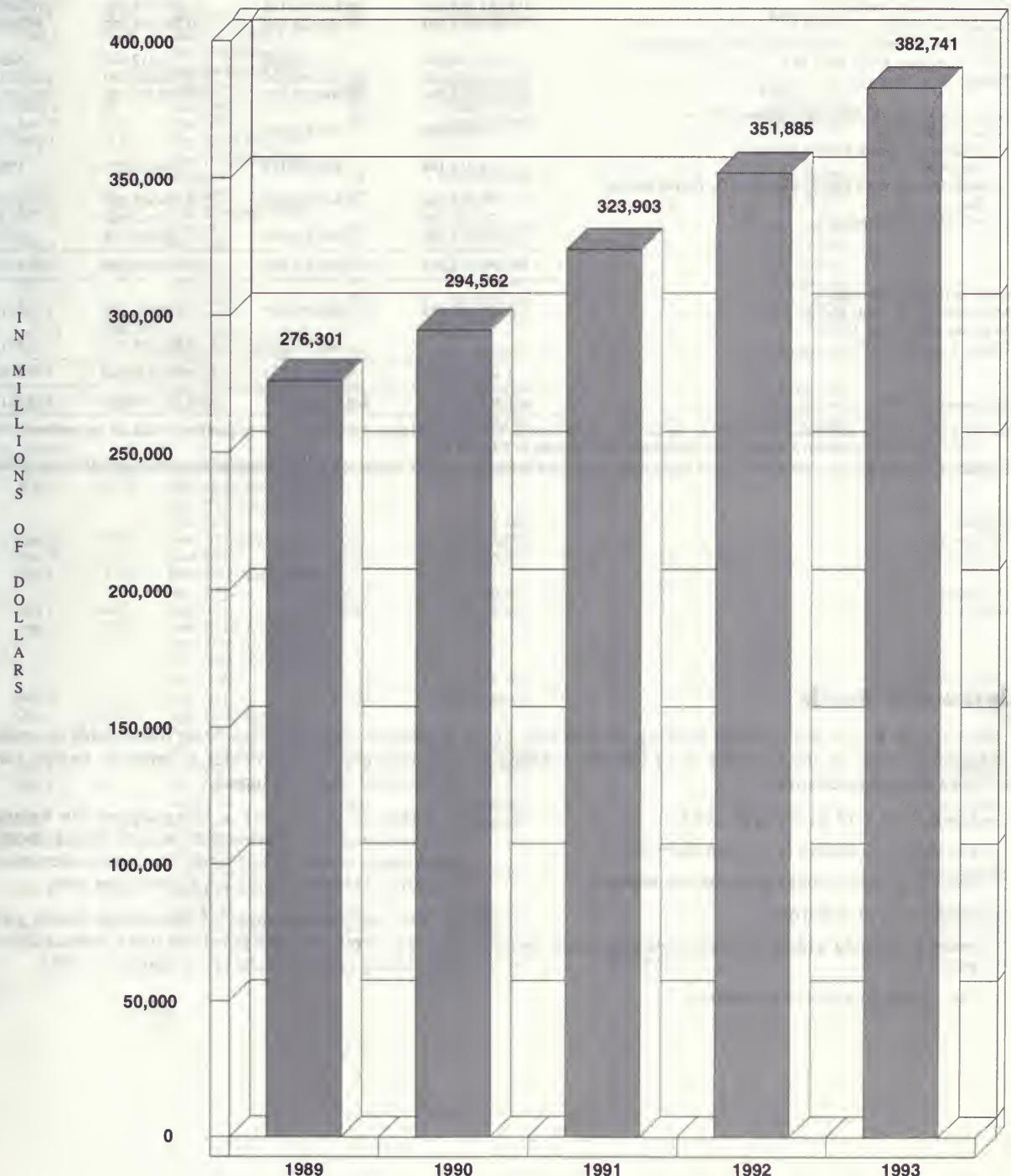
CHART B
UNMATURED DEBT

TABLE 10.1

UNMATURED DEBT

	April 1/1992	Issues	Retirements	March 31/1993
	\$	\$	\$	\$
Payable in Canadian currency—				
Marketable bonds, Table 10.2	158,061,700,046	35,325,594,136	14,922,706,000	178,464,588,182
Canada savings bonds, Table 10.3	35,597,851,700	9,169,824,500	10,398,537,100	34,369,139,100
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund, Table 10.4	3,501,439,000	11,118,000	7,112,000	3,505,445,000
Treasury bills, Table 10.5	152,300,000,000	382,400,000,000	372,650,000,000	162,050,000,000
	349,460,990,746	426,906,536,636	397,978,355,100	378,389,172,282
Less: Government's holdings of unmatured debt—				
Marketable bonds	10,684,000	42,300,000		52,984,000
Canada savings bonds held on account of employees	74,213,168	232,302,183	200,066,256	106,449,095
Canada savings bonds held on account of the Payroll Savings Plan	856,605,500	1,345,532,500	1,369,928,500	832,209,500
Consolidation adjustment ⁽¹⁾	78,572,000		12,663,000	65,909,000
	1,020,074,668	1,620,134,683	1,582,657,756	1,057,551,595
	348,440,916,078	425,286,401,953	396,395,697,344	377,331,620,687
Payable in foreign currencies—				
Marketable bonds, Table 10.2	3,436,597,013	241,259,935	820,334,758	2,857,522,190
Notes and loans, Table 10.6	7,135,200		7,135,200	
Canada bills, Table 10.7		4,460,553,083	1,908,668,722	2,551,884,361
	3,443,732,213	4,701,813,018	2,736,138,680	5,409,406,551
Total unmatured debt	351,884,648,291	429,988,214,971	399,131,836,024	382,741,027,238

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 10.11.

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to call or redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and,
- face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 10.2 presents a summary of the balances and transactions for marketable bonds. Since most of the marketable bonds are not subject to call or redemption before maturity, exceptions only are noted in the table.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1993.

TABLE 10.2

MARKETABLE BONDS

Maturity date	%	Issue date	Series	April 1/1992	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1993
Payable in Canadian currency—							
Matured 1992-93							
1992—Apr 1	7.75	Mar 12/87	A1	600,000,000		600,000,000	
June 1	10.25	June 12/85-July 1/85					
		July 23/85-Sept 1/85					
		Sept 24/87-Oct 15/87					
June 1	15	Sept 1/88	H61	1,850,000,000		1,850,000,000	
June 6	12.25	June 1/82	J82	200,000,000		200,000,000	
July 1	9.25	June 6/90	A35	1,000,000,000		1,000,000,000	
		May 21/87-Aug 13/87					
		Sept 1/87-June 1/88					
		Oct 1/89	A4	1,400,000,000		1,400,000,000	
July 1	15	July 1/82	J85	398,789,000		398,789,000	
Sept 1	5.75	Sept 1/66-Dec 15/66					
		Feb 1/67	F6	225,000,000		225,000,000	
Sept 1	14.25	Sept 1/82	J88	648,917,000		648,917,000	
Sept 5	10.75	Sept 5/90	A36	1,200,000,000		1,200,000,000	
Oct 15	13.5	Oct 15/82	J91	400,000,000		400,000,000	
Nov 15	12.75	Nov 1/82	J93	500,000,000		500,000,000	
Dec 5	10.25	Dec 5/90	A38	1,300,000,000		1,300,000,000	
Dec 15	11.75	Nov 22/82-Dec 15/82					
		Aug 1/83-Sept 1/83	J95	2,050,000,000		2,050,000,000	
1993—Feb 1	11.25	Feb 1/83-Mar 15/83	J99	1,850,000,000		1,850,000,000	
		Apr 27/83-July 12/83					
Mar 5	9.25	Mar 5/91	A41	1,300,000,000		1,300,000,000	
				14,922,706,000		14,922,706,000	
Maturing 1993-94							
1993—Apr 1	10.25	Jan 25/90-Feb 1/90	A29	925,000,000		925,000,000	
May 1	10.75	May 15/83-June 21/83					
		Nov 5/87-Mar 15/89					
June 1	15.25	Mar 15/90	H3	1,725,000,000		1,725,000,000	
June 6	9	June 1/81-July 31/81	J65	895,006,000		895,006,000	
July 1	8.75	June 6/91	A44	1,350,000,000		1,350,000,000	
		Feb 18/88-Mar 15/88					
July 1	14.75	May 5/88	A13	1,625,000,000		1,625,000,000	
Sept 1	9.5	July 1/81	J69	445,459,000		445,459,000	
		June 23/88-July 21/88					
		Oct 15/88-Oct 31/88					
		Dec 15/88-Oct 19/89					
Sept 6	8.75	Dec 15/89	A16	2,450,000,000		2,450,000,000	
Oct 15	11.75	Sept 6/91	A46	1,400,000,000		1,400,000,000	
		Sept 27/83-Oct 15/83					
		Feb 1/84-Apr 26/90					
Dec 6	7	May 1/90-Aug 1/90	H8	2,125,000,000		2,125,000,000	
Dec 15	11.5	Dec 6/91	A48	1,400,000,000		1,400,000,000	
		Nov 8/83-Dec 15/83					
		Feb 21/84	H12	850,000,000		850,000,000	
1994—Feb 1	8.75	Dec 15/86	H93	250,000,000		250,000,000	
Feb 1	10.25	Jan 5/89-Feb 9/89					
		Oct 1/90-Oct 18/90					
		Dec 15/90-Feb 1/91	A21	2,350,000,000		2,350,000,000	
Mar 1	8.25	Jan 29/87-Feb 19/87					
		Mar 15/87	H96	800,000,000		800,000,000	
Mar 1	12	Mar 13/84-Apr 10/85	H17	700,000,000		700,000,000	
Mar 6	7.5	Mar 6/92-Apr 1/92	A51	1,000,000,000	600,000,000	1,600,000,000	
				20,290,465,000	600,000,000	20,890,465,000	

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1992	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1993
				\$	\$	\$	\$
Maturing 1994-95							
1994—Apr 1	13	Apr 1/84-May 1/84					
		Aug 22/84	H21	1,025,000,000			1,025,000,000
May 15	13.75	June 1/84-July 11/84	H25	1,200,000,000			1,200,000,000
June 15	9.5	June 15/74-July 1/75					
		Aug 15/75-June 1/76					
		Aug 1/76-Apr 1/77	F85	610,520,000			610,520,000
July 15	7.75	Apr 16/87	A3	400,000,000			400,000,000
July 15	13.5	June 19/84	H29	250,000,000			250,000,000
Sept 15	7	June 15/92-Sept 15/92	A53		3,500,000,000		3,500,000,000
Oct 1	9.25	June 18/87-July 30/87					
		Feb 1/88-Apr 14/88					
		July 1/89-Aug 1/89					
		Feb 21/91	A6	2,525,000,000			2,525,000,000
Oct 1	12.75	Sept 12/84	H39	475,000,000			475,000,000
Dec 1	6.25	Dec 1/67	F23	125,000			125,000
Dec 15	12.5	Oct 1/84-Oct 24/84	H42	900,000,000			900,000,000
Dec 15	9.25	Aug 24/89-Oct 1/89					
		Nov 1/89-July 1/91					
		Sept 1/91	A25	1,700,000,000			1,700,000,000
1995—Feb 1	11.5	Feb 1/85	H51	375,000,000			375,000,000
Feb 1	12.25	Nov 14/84-Mar 19/85	H44	725,000,000			725,000,000
Mar 1	10	Jan 5/88-June 1/88					
		Aug 11/88-Dec 15/89					
		Feb 1/90-Feb 26/90	A12	2,800,000,000			2,800,000,000
Mar 1	11.75	Dec 15/84-May 1/90	H48	925,000,000			925,000,000
Mar 15	7	Dec 15/92-Mar 15/93	A58		3,800,000,000		3,800,000,000
				13,910,645,000		7,300,000,000	21,210,645,000
Maturing 1995-96							
1995—Apr 1	11.25	Feb 19/85-May 1/85					
		May 22/85	H54	1,350,000,000			1,350,000,000
June 1	10.5	June 12/85-July 1/85					
		July 23/85-Sept 1/85					
		Mar 15/90-April 11/90	H62	3,100,000,000			3,100,000,000
Oct 1	6.5	Oct 1/68	F33	100,000,000			100,000,000
Oct 1	10	Oct 1/75-Dec 15/75					
		Feb 1/76-Apr 1/76	F97	652,375,000			652,375,000
Nov 1	8.25	May 8/92					
Dec 15	10.75	Oct 1/85-Oct 23/85	A52		1,500,000,000		1,500,000,000
		Nov 15/85-Mar 15/89					
		July 26/90-Aug 1/90					
		Aug 28/90	H67	3,050,000,000			3,050,000,000
1996—Feb 1	6	Aug 4/92-Jan 6/93	A54		3,500,000,000		3,500,000,000
Mar 1	10.25	Feb 6/86-Dec 15/87					
		Sept 22/88-Oct 1/90					
		Dec 15/90-Feb 1/91					
		Feb 14/91	H76	2,600,000,000			2,600,000,000
				10,852,375,000		5,000,000,000	15,852,375,000
Maturing 1996-97							
1996—May 1	9.25	Apr 10/86-June 1/87					
		July 1/87-Mar 31/88					
		July 27/89-Aug 31/89	H80	3,300,000,000			3,300,000,000
June 1	8.75	Apr 28/86-May 22/86					
		July 24/86-Oct 1/86					
		Dec 15/86-May 1/87	H84	2,175,000,000			2,175,000,000
Sept 15	3	Sept 15/36	P1	55,000,000			55,000,000
Oct 1	9.25	May 1/91-June 20/91					
		July 1/91-Sept 1/91					
		Sept 19/91	A42	3,425,000,000			3,425,000,000
1997—Mar 1	8.25	Jan 29/87-Feb 19/87					
		Mar 15/87-Oct 31/91					
		Nov 28/91-Dec 15/91	H97	3,400,000,000			3,400,000,000
				12,355,000,000			12,355,000,000

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1992	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1993
				\$	\$	\$	\$
Maturing 1997-98							
1997—May 15	9.25	May 15/77-July 1/77					
		Sept 1/77-Feb 1/78	J9	876,000,000			876,000,000
July 1	7.5	Feb 1/92-June 1/92					
		July 1/92	A50	1,200,000,000	3,000,000,000		4,200,000,000
Oct 1	9.75	Aug 13/87-Sept 1/87					
		Nov 15/87-Feb 1/88					
		May 12/88-Jan 4/90					
		Feb 21/91	A8	2,775,000,000			2,775,000,000
1998—Feb 1	6.25	Sept 1/92-Oct 15/92					
		Dec 1/92-Mar 5/93	A56		6,600,000,000		6,600,000,000
(2) Mar 15	3.75	Sept 15/56	T15	197,045,000			197,045,000
	10.75	Oct 15/87-Mar 15/89					
		Apr 13/89-Aug 16/90	A10	2,225,000,000			2,225,000,000
				7,273,045,000	9,600,000,000		16,873,045,000
Maturing 1998-99							
1998—Oct 1	9.5	June 30/88-July 21/88					
		Nov 15/88-July 1/89					
Dec 1	10.25	Aug 15/91	A17	3,100,000,000			3,100,000,000
		Sept 1/88-Oct 15/88					
		Dec 15/88-Jan 26/89	A18	2,275,000,000			2,275,000,000
				5,375,000,000			5,375,000,000
Maturing 1999-2000							
1999—Oct 15	9	Oct 15/77-Dec 15/77	J13	527,500,000			527,500,000
Dec 1	13.5	Dec 1/80	J53	400,000,000			400,000,000
Dec 1	9.25	Sept 21/89-Oct 1/89					
		Nov 16/89-Dec 15/89	A27	2,825,000,000			2,825,000,000
2000—Mar 15	13.75	Mar 31/80-Mar 1/81					
		Mar 31/81-Oct 15/82	J39	1,050,000,000			1,050,000,000
				4,802,500,000			4,802,500,000
Maturing 2000-01							
2000—May 1	9.75	Feb 1/90-Feb 15/90	A30	1,575,000,000			1,575,000,000
July 1	10.5	Mar 15/90-Mar 29/90					
		June 21/90-Aug 1/90	A32	2,900,000,000			2,900,000,000
July 1	15	July 1/81	J70	175,000,000			175,000,000
Sept 1	11.5	May 1/90-Nov 1/90	A33	1,200,000,000			1,200,000,000
Dec 15	9.75	Dec 15/78	J22	500,000,000			500,000,000
2001—Feb 1	15.75	June 1/81-July 31/81	J66	425,000,000			425,000,000
Mar 1	10.5	Sept 20/90-Oct 1/90					
		Dec 15/90-Feb 1/91	A37	3,175,000,000			3,175,000,000
				9,950,000,000			9,950,000,000
Maturing 2001-02							
2001—May 1	13	May 1/80-Oct 1/80					
		Feb 1/81	J42	1,325,000,000			1,325,000,000
June 1	9.75	Feb 21/91-Mar 1/91					
		Mar 28/91-May 16/91	A40	3,550,000,000			3,550,000,000
Oct 1	9.5	Oct 1/76-Dec 1/76					
		Apr 1/78-May 15/78					
		July 1/78	J2	1,232,750,000			1,232,750,000
Dec 1	9.75	July 1/91-July 18/91					
		Sept 1/91-Oct 1/91	A45	3,850,000,000			3,850,000,000
2002—Feb 1	8.75	Feb 1/77	J7	213,000,000			213,000,000
Mar 15	15.5	Mar 31/82-May 1/82	J79	350,000,000			350,000,000
				10,520,750,000			10,520,750,000
Maturing 2002-03							
2002—Apr 1	8.5	Nov 14/91-Dec 15/91					
		Mar 1/92-May 1/92					
		July 15/92	A47	2,950,000,000	2,500,000,000		5,450,000,000
May 1	10	May 1/79-June 1/79					
		July 15/79	J25	1,850,000,000			1,850,000,000
Dec 15	11.25	Dec 15/79-July 1/80					
		May 15/83	J34	1,625,000,000			1,625,000,000
2003—Feb 1	11.75	Feb 1/80-June 1/80					
		Aug 1/80-Feb 1/83					
		Apr 27/83-June 21/83					
		July 12/83	J35	2,700,000,000			2,700,000,000
				9,125,000,000	2,500,000,000		11,625,000,000

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1992	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1993
				\$	\$	\$	\$
Maturing 2003-04							
2003—June 1	7.25	Sept 25/92-Oct 26/92 Nov 20/92-Jan 18/93					
		Feb 15/93	A57				6,900,000,000
Oct 1	9.5	Aug 15/78-Oct 1/78	J18	670,500,000			670,500,000
2004—Feb 1	10.25	Feb 1/79-Mar 15/79					
		Mar 21/79-Aug 15/79	J24	2,200,000,000			2,200,000,000
				2,870,500,000			9,770,500,000
Maturing 2004-05							
2004—June 1	13.5	Apr 1/84-May 1/84	H22	550,000,000			550,000,000
Oct 1	10.5	Oct 1/79-Dec 15/87	J30	875,000,000			875,000,000
2005—Mar 1	12	Oct 15/83-Nov 8/83					
		Dec 15/83-Feb 1/84					
		Feb 21/84-Dec 15/84	H9	1,775,000,000			1,775,000,000
				3,200,000,000			3,200,000,000
Maturing 2005-06							
2005—Sept 1	12.25	Aug 1/83-Sept 1/83	H6	1,375,000,000			1,375,000,000
2006—Mar 1	12.5	Sept 27/83-Apr 10/85 Mar 13/84-Nov 14/84 Mar 19/85	H18	975,000,000			975,000,000
				2,350,000,000			2,350,000,000
Maturing 2006-07							
2006—Oct 1	14	June 1/84-July 11/84	H26	1,025,000,000			1,025,000,000
2007—Mar 1	13.75	Aug 1/84	H30	325,000,000			325,000,000
		June 19/84		1,350,000,000			1,350,000,000
Maturing 2007-08							
2007—Oct 1	13	Aug 22/84-Sept 12/84	H36	700,000,000			700,000,000
2008—Mar 1	12.75	Oct 1/84-Oct 24/84	H41	750,000,000			750,000,000
				1,450,000,000			1,450,000,000
Maturing 2008-09							
2008—June 1	10	Dec 15/85-Sept 1/87					
		Feb 1/88-Apr 14/88					
		June 1/88-July 21/88					
		Oct 15/88-Dec 15/88					
Oct 1	11.75	Feb 23/89-June 1/89	H74	3,450,000,000			3,450,000,000
2009—Mar 1	11.5	Feb 1/85-May 1/85	H52	725,000,000			725,000,000
		May 22/85	H58	400,000,000			400,000,000
				4,575,000,000			4,575,000,000
Maturing 2009-10							
2009—June 1	11	Oct 1/85-Oct 23/85	H68	925,000,000			925,000,000
Oct 1	10.75	Oct 15/87					
		June 12/85-July 1/85					
2010—Mar 1	9.75	Sept 1/85-Sept 1/88	H63	1,300,000,000			1,300,000,000
		Mar 15/86	H79	325,000,000			325,000,000
				2,550,000,000			2,550,000,000
Maturing 2010-11							
2010—June 1	9.5	Apr 10/86-July 1/87					
		July 1/89-Aug 10/89					
		Oct 1/89-Dec 15/89					
Oct 1	8.75	Feb 1/90	H81	2,975,000,000			2,975,000,000
2011—Mar 1	9	Apr 28/86	H85	325,000,000			325,000,000
		July 3/86-Sept 2/86					
		Oct 23/86-Dec 15/86					
		May 1/87-Mar 15/88	H87	1,975,000,000			1,975,000,000
				5,275,000,000			5,275,000,000
Maturing 2011-12							
2011—June 1	8.5	Feb 19/87-Mar 15/87	H98	750,000,000			750,000,000
Maturing 2013-14							
2014—Mar 15	10.25	Mar 15/89-Mar 30/89					
		Mar 15/90-July 1/90					
		Aug 1/90-Feb 21/91	A23	3,150,000,000			3,150,000,000

TABLE 10.2

MARKETABLE BONDS—Concluded

Maturity date	%	Issue date	Series	April 1/1992	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1993
				\$	\$	\$	\$
Maturing 2015-16 2015—June 1	11.25	May 1/90-May 31/90 Oct 1/90-Nov 15/90	A34	2,350,000,000			2,350,000,000
Maturing 2019-20 2019—Dec 31	10.186	Mar 23/90	M1	8,436,324			8,436,324
Maturing 2020-21 2021—Mar 15	10.5	Dec 15/90-Jan 9/91 Feb 1/91	A39	1,800,000,000			1,800,000,000
Maturing 2021-22 2021—June 1	9.75	May 9/91-June 1/91 July 1/91-Aug 1/91 Sept 1/91-Oct 17/91 Dec 10/91-Oct 14/92	A43 L25	4,650,000,000 705,277,722 5,355,277,722	525,594,136 525,594,136		4,650,000,000 1,230,871,858 5,880,871,858
Maturing 2022-23 2022—June 1	9.25	Dec 15/91-Jan 3/92 May 15/92	A49	1,650,000,000	900,000,000		2,550,000,000
Maturing 2023-24 2023—June 1	8	Aug 17/92-Feb 1/93	A55		2,000,000,000		2,000,000,000
Total marketable bonds (Canadian currency)				158,061,700,046	35,325,594,136	14,922,706,000	178,464,588,182
Payable in foreign currencies—							
US dollars—							
1995—July 15	10.125	July 15/85		152,306,790	8,875,598		161,182,388
Nov 21	10	Nov 21/85		594,600,000	34,650,000		629,250,000
1996—Feb 27	9	Feb 27/86		1,189,200,000	69,300,000		1,258,500,000
				1,936,106,790	112,825,598		2,048,932,388
Swiss francs—							
1992—May 10	5.25	May 10/84		158,720,000		158,720,000	
Japanese yen—							
(4) 1992—June 25	4.375	June 25/87		661,614,758		661,614,758	
(4) 1993—July 23	5.625	July 23/86		680,155,465 1,341,770,223	128,434,337 128,434,337	661,614,758	808,589,802 808,589,802
Total marketable bonds (foreign currencies)				3,436,597,013	241,259,935	820,334,758	2,857,522,190
Total				161,498,297,059	35,566,854,071	15,743,040,758	181,322,110,372

(1) Issues and retirements of the marketable bonds payable in foreign currencies include the translation of these currencies to Canadian dollars using closing rates of exchange at March 31.

(2) Subject to redemption before maturity.

(3) The rate of return of this issue is linked to the Consumer Price Index for Canada.

(4) While the terms of the issue remain unaltered from the bondholders' perspective, the Government's Japanese yen liability was converted through a "currency swap" into a floating rate U.S. dollar liability which is based on 6-month London Inter-bank Offered Rate (LIBOR).

Canada Savings Bonds

Canada savings bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- redeemable on demand by the holder, with accrued interest calculated to the end of the previous month;
- not subject to call before maturity; and,
- term to maturity of seven years or more.

Table 10.3 presents a summary of the balances and transactions for Canada savings bonds.

TABLE 10.3

CANADA SAVINGS BONDS

Maturity date	%	Issue date	Series	April 1/1992		Issues	Retirements	March 31/1993
				\$	\$			
1992—Nov 1	7.5	1985-1986	S40	4,211,532,200			4,211,532,200	
1993—Nov 1	7.5-6	1986-1987	S41	2,562,990,600			237,823,700	2,325,166,900
1997—Nov 1	7.5-6	1987-1988	S42	5,566,853,000			493,646,300	5,073,206,700
1998—Nov 1	7.5-6	1988-1989	S43	5,313,134,200			502,366,600	4,810,767,600
2001—Nov 1	7.5-6	1989-1990	S44	4,342,766,800			476,021,800	3,866,745,000
2002—Nov 1	7.5-6	1990-1991	S45	4,381,702,300			711,082,200	3,670,620,100
2003—Nov 1	7.5-6	1991-1992	S46	9,218,872,600			3,217,144,800	6,001,727,800
2004—Nov 1	6	1992-1993	S47 ⁽¹⁾		9,169,824,500		548,919,500	8,620,905,000
Total				35,597,851,700	9,169,824,500		10,398,537,100	34,369,139,100

⁽¹⁾ S47 includes bonds related to Government's participation in the Canada savings bonds Payroll Savings Plan.

Special Non-Marketable Bonds

Special non-marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan Investment Fund, and have the following characteristics:

- not negotiable;
- not transferable;
- not assignable;
- issued in Canadian currency only;
- term to maturity of 20 years or less;
- interest payable semi-annually; and,
- redeemable at face value plus accrued interest.

Table 10.4 presents a summary of the balances and transactions for these special non-marketable bonds.

TABLE 10.4

SPECIAL NON-MARKETABLE BONDS

	April 1/1992	Issues	Retirements	March 31/1993
	\$	\$	\$	\$
Canada Pension Plan Investment Fund—				
Matured 1992-93	7,112,000		7,112,000	
Maturing 1993-94	7,907,000			7,907,000
1994-95	9,087,000			9,087,000
1995-96	10,217,000			10,217,000
1996-97	10,651,000			10,651,000
1997-98	11,351,000			11,351,000
1998-99	12,015,000			12,015,000
1999-2000	17,709,000			17,709,000
2000-01	22,971,000			22,971,000
2001-02	17,622,000			17,622,000
2002-03	17,414,000			17,414,000
2003-04	17,259,000			17,259,000
2004-05	16,661,000			16,661,000
2005-06	239,955,000			239,955,000
2006-07	1,352,282,000			1,352,282,000
2007-08	699,981,000			699,981,000
2008-09	519,360,000			519,360,000
2009-10	71,112,000			71,112,000
2010-11	425,010,000			425,010,000
2011-12	15,763,000			15,763,000
2012-13		11,118,000		11,118,000
Total	3,501,439,000	11,118,000	7,112,000	3,505,445,000

Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- common terms: 3 months, 6 months and 12 months;
- issued in Canadian currency only;
- transferable; and,
- bought and sold on the open market.

Three-month and six-month bills are usually issued weekly, while other bills are issued every two weeks, usually for periods of one year or less.

The balance at March 31, 1993 consists of \$3,250 million in odd issue bills; \$50,300 million in three-month bills; \$46,900 million in six-month bills; and, \$61,600 million in 364-day bills.

Table 10.5 presents a monthly summary of Treasury bill issues and redemptions.

TABLE 10.5

TREASURY BILL ISSUES AND REDEMPTIONS (in millions of dollars)

	Issues				Redemptions				Net change
	3 month bills	6 month bills	Other bills	Total	3 month bills	6 month bills	Other bills	Total	
April, 1992	14,400	7,000	8,500	29,900	14,200	6,500	4,250	24,950	4,950
May	18,300	8,900	7,200	34,400	17,900	8,500	12,250	38,650	-4,250
June	16,200	7,800	8,400	32,400	15,000	7,200	4,700	26,900	5,500
July	20,400	9,700	10,250	40,350	18,500	9,000	8,300	35,800	4,550
August	15,400	7,000	4,900	27,300	14,200	6,900	6,900	28,000	-700
September	16,300	7,700	7,000	31,000	16,200	7,500	8,350	32,050	-1,050
October	16,350	8,100	10,750	35,200	20,400	9,000	7,400	36,800	-1,600
November	15,000	7,100	4,800	26,900	15,400	6,900	7,700	30,000	-3,100
December	20,800	9,800	9,300	39,900	20,100	9,700	7,250	37,050	2,850
January, 1993	13,700	6,200	4,400	24,300	12,550	7,800	5,750	26,100	-1,800
February	15,400	7,200	5,850	28,450	15,000	7,000	6,150	28,150	300
March	16,800	8,500	7,000	32,300	16,400	7,700	4,100	28,200	4,100
	199,050	95,000	88,350	382,400	195,850	93,700	83,100	372,650	9,750
Balance at April 1, 1992									152,300
Balance at March 31, 1993									162,050

Notes and Loans

This account recorded borrowings of Canadair Financial Corporation Inc (now called Cartierville Financial Corporation Inc) which were directly assumed by the Government of Canada pursuant to Regional Industrial Expansion Vote 7c, *Appropriation Act No. 4, 1984-85*.

As of March 31, 1993, all notes assumed from Canadair Financial Corporation Inc have been redeemed.

Table 10.6 presents a summary of the balances and transactions for the notes and loans.

TABLE 10.6

NOTES AND LOANS

Maturity date	%	Issue date	April 1/1992	Issues	Retirements	March 31/1993
			\$	\$	\$	\$
Payable in US dollars—						
Debts assumed from Canadair Financial Corporation Inc— 1992—April 26	8.5	April 26/82	7,135,200		7,135,200	

Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money markets under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

- issued at a discount in lieu of interest payments;
- term to maturity of not more than 270 days;
- transferable; and,
- bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 1993.

Table 10.7 presents a monthly summary of Canada bill issues and redemptions.

TABLE 10.7

CANADA BILL ISSUES AND REDEMPTIONS

	Issues	Redemptions	Net change
			\$
April, 1992			
May			
June			
July			
August			
September			
October			
November			
December	963,776,101	14,814,300	948,961,801
January, 1993	1,342,070,481	384,119,267	957,951,214
February	1,026,088,725	752,794,366	273,294,359
March	1,128,617,776	752,379,100	376,238,676
Balance at April 1, 1992	4,460,553,083	1,904,107,033	2,556,446,050
Balance before revaluation			2,556,446,050
Exchange valuation adjustment at March 31, 1993			4,561,689
Balance at March 31, 1993			2,551,884,361

SUPPLEMENTARY STATEMENTS

Interest Rates

Table 10.8 sets out unmatured debt as at March 31, for each of the years 1988-89 to 1992-93 inclusive, with the average rate of interest thereon. For purposes of comparison, unmatured debt is classified as to marketable bonds, non-marketable bonds (include Canada savings bonds and the Canada Pension Plan Investment Fund), Treasury bills, notes and loans, and Canada bills.

TABLE 10.8

UNMATURED DEBT AS AT MARCH 31, FROM 1989 TO 1993, WITH THE AVERAGE RATE OF INTEREST THEREON

	Non-marketable bonds												Total unmatured debt			
	Marketable bonds		Canada savings bonds		Canada Pension Plan Investment Fund		Treasury bills		Notes and loans		Canada bills					
	Amount outstanding	Average interest rate	Amount outstanding	Average interest rate	Amount outstanding	Average interest rate	Amount outstanding	Average interest rate	Amount outstanding	Average interest rate	Amount outstanding	Average interest rate	Amount outstanding	Average interest rate	Amount outstanding	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1993	181,270	9.59	33,364	6.00	3,505	10.20	162,050	6.39					2,552	3.19	382,741	7.88
1992	161,488	10.25	34,589	7.50	3,501	10.19	152,300	7.68	7	8.50					351,885	8.86
1991	146,989	10.52	33,250	10.75	3,492	10.19	139,150	10.97	14	8.50	1,008	6.42	323,903	10.72		
1990	131,585	10.48	39,732	10.50	3,072	10.03	118,550	12.32	177	5.53	1,446	8.20	294,562	11.20		
1989	121,010	10.61	46,544	10.50	3,005	10.03	102,700	11.30	1,911	8.73	1,131	9.41	276,301	10.82		

Note: Where various rates of interest are applicable, the interest rate in effect at March 31 is used.

Table 10.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 1988-89 to 1992-93 inclusively.

TABLE 10.9

TREASURY BILLS AVERAGE YIELDS AT TENDER

Year ended March 31	High	Low	Last issue
	%	%	%
Three-month bills—			
1993	8.57	4.68	5.21
1992	9.56	6.83	7.24
1991	13.80	9.66	9.67
1990	13.26	11.89	13.26
1989	12.15	8.63	12.14
Six-month bills—			
1993	8.58	4.69	5.57
1992	9.41	6.84	7.41
1991	13.84	9.54	9.66
1990	13.59	11.59	13.59
1989	12.76	8.93	12.58
Other bills—			
1993	8.18	4.84	4.87
1992	9.62	6.90	7.14
1991	13.93	9.22	9.56
1990	13.51	10.97	13.51
1989	12.88	9.23	12.66

Maturity of Government Debt

Table 10.10 presents total unmatured debt arranged in order of maturity.

TABLE 10.10

MATURITY OF GOVERNMENT DEBT

	Non-marketable bonds												Total unmatured debt	
	Marketable bonds				Canada savings bonds				Canada Pension Plan Investment Fund					
	Average interest rate		Average interest rate		Average interest rate		Average interest rate		Average interest rate		Average interest rate			
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
	\$(millions)		\$(millions)		\$(millions)		\$(millions)		\$(millions)		\$(millions)			
1994	21,699	9.79	2,325	6.00	8	7.53	162,050	6.39	2,552	3.19	188,634	6.73		
1995	21,211	9.51			9	8.55					21,220	9.51		
1996	17,901	9.33			10	8.94					17,911	9.33		
1997	12,355	8.86			11	9.00					12,366	8.86		
1998	16,873	7.86	5,073	6.00	11	9.08					21,957	7.43		
1999/2003	42,273	10.26	12,348	6.00	88	12.84					54,709	9.30		
2004/08	18,121	10.12	14,623	6.00	2,326	9.94					35,070	8.39		
2009/13	13,150	9.90			1,042	10.62					14,192	9.95		
2014/18	5,508	10.68									5,508	10.68		
2019/23	7,681	9.04									7,681	9.04		
2024	4,550	8.70									4,550	8.70		
	181,322	9.59	34,369	6.00	3,505	10.20	162,050	6.39	2,552	3.19	383,798	7.88		
Less: Government's own holdings	52	7.97	1,005	6.00							1,057	6.10		
	181,270	9.59	33,364	6.00	3,505	10.20	162,050	6.39	2,552	3.19	382,741	7.88		

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 10.11.

Statement of all Borrowing Transactions on behalf of Her Majesty

Table 10.11 presents the information required by Section 49 of the *Financial Administration Act*. The borrowing transactions included in this table are: borrowings by the Government for general purposes, and borrowings by agent enterprise Crown corporations. Borrowings by non-agent enterprise Crown corporations are not included because such borrowings are not on behalf of Her Majesty.

TABLE 10.11

STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY (in millions of dollars)

	April 1/1992	Issues/ Borrowings	Retirements	March 31/1993
Unmatured debt of the Government of Canada ⁽¹⁾	351,885	429,988	399,132	382,741
Borrowings of enterprise Crown corporations designated as agents of Her Majesty ⁽²⁾	18,578	176,571	176,566	18,583
Total	370,463	606,559	575,698	401,324

(1) Details can be found in this section.

(2) Details can be found in Section 6 (Table 6.6) of this volume.

SECTION 11

1992-93 PUBLIC ACCOUNTS

Other Information Related to the Financial Statements

CONTENTS

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OTHER ACCOUNTS REPORTED ON THE STATEMENT OF ASSETS AND LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities, which are not included elsewhere in this volume. These accounts are:

- accounts receivable;
- cash in transit;
- cash; and,
- accumulated deficit.

Accounts Receivable

Accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to a Government body for use of its assets, or from the proceeds for provision of services as of the accounting date. Non-tax revenue receivable is accounted for in the period the transactions or events give rise to the revenues.

Accounts receivable written off or forgiven are included in Section 3 of Volume II Part II (Statement of debts, obligations and claims written off or forgiven).

Accounts receivable for tax revenue are not recorded in the accounts of Canada. However, these amounts are reported on a memorandum basis and details of the balances are included in Section 4 of Volume II Part II.

Table 11.1 presents a summary of the balances and transactions for accounts receivable. Chart A compares accounts receivable for the last five fiscal years.

TABLE 11.1
ACCOUNTS RECEIVABLE

	April 1/1992	Charges	Credits	March 31/1993
	\$	\$	\$	\$
Non-tax revenue receivable ⁽¹⁾	3,577,724,696	3,396,476,000	3,577,724,696	3,396,476,000
Other receivables	293,000,000	291,792,000	293,000,000	291,792,000
Accounts receivable of consolidated Crown corporations ⁽²⁾	337,508,000	279,802,000	337,508,000	279,802,000
Total	4,208,232,696	3,968,070,000	4,208,232,696	3,968,070,000

⁽¹⁾ Non-tax revenue receivable is net of an allowance for doubtful accounts of \$1,496 million for 1993 (\$1,776 million for 1992).

⁽²⁾ Additional information on the consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Non-tax revenue receivable

This account records accrued financial claims arising from non-tax revenue amounts owed to the Government. Non-tax revenue receivable is to be accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

CHART A
ACCOUNTS RECEIVABLE

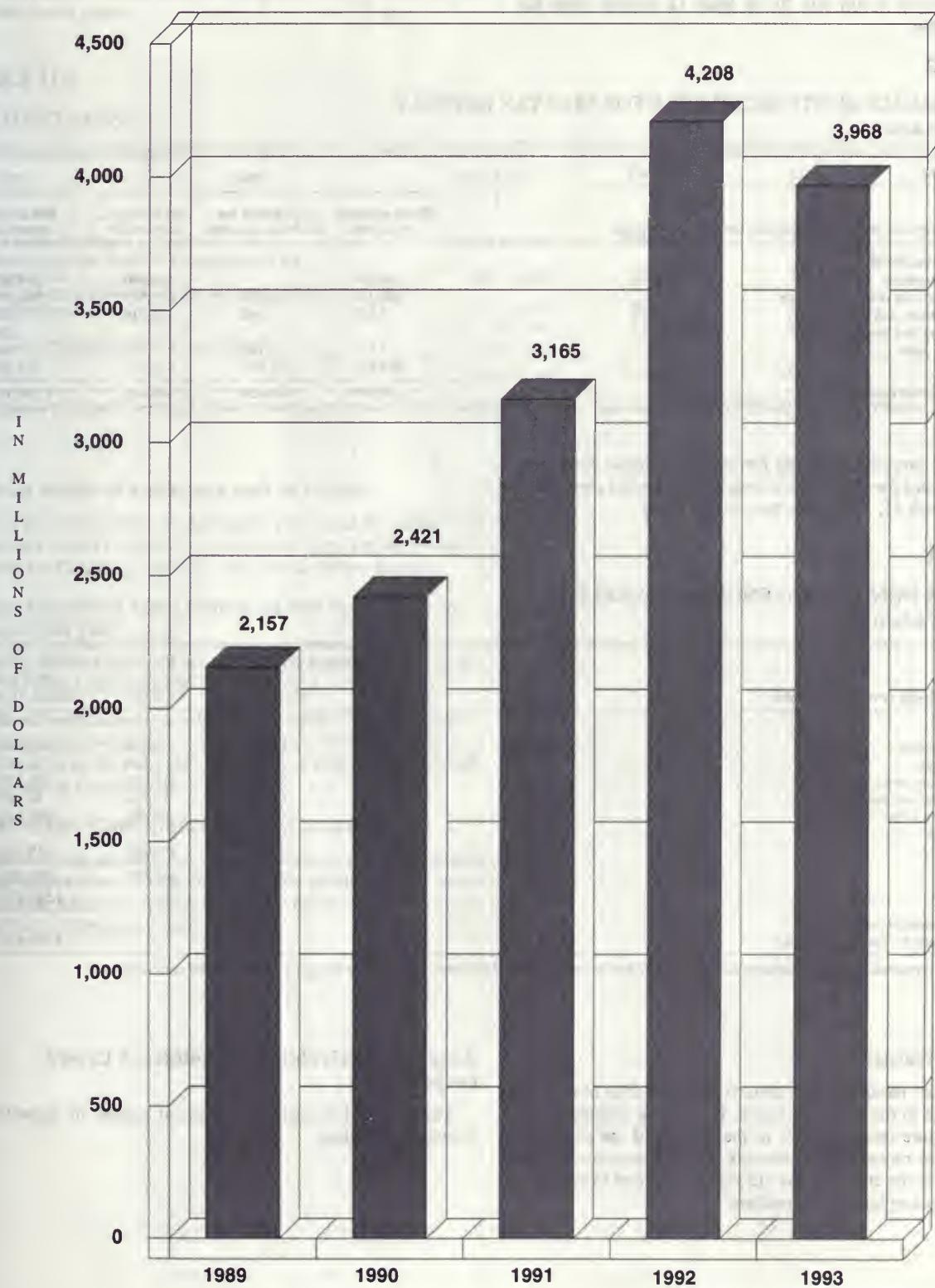


Table 11.2 presents additional disclosure of information related to long-term accounts receivable for non-tax revenue. A long-term account receivable is defined as an account receivable where settlement is not due for at least 12 months after the accounting date.

TABLE 11.2

LONG-TERM ACCOUNTS RECEIVABLE FOR NON-TAX REVENUE
(in thousands of dollars)

Categories of long-term accounts receivable for non-tax revenue	1993			1992
	Gross accounts receivable	Allowance for doubtful accounts	Net accounts receivable	Net accounts receivable
Non-tax revenue receivable—				
Return on investments	548,990		548,990	554,255
Refunds of previous years' expenditure	800,116	284,537	515,579	596,971
Privileges, licences and permits	3,258	248	3,010	3,731
Services and service fees				261
Proceeds from sales	1,515	1,140	375	520
Miscellaneous	865,629	392,895	472,734	351,407
Total non-tax revenue receivable	2,219,508	678,820	1,540,688	1,507,145

Table 11.3 presents the aging for non-tax revenue receivable (net of allowance for doubtful accounts) for the period over which claims at March 31, 1993 have been outstanding.

TABLE 11.3

AGING FOR NON-TAX REVENUE RECEIVABLE
(in thousands of dollars)

Categories of non-tax revenue receivable	Outstanding days				Total as at March 31, 1993
	0—30	31—60	61—90	Over 90	
Return on investments	305,572	5,996	1,375	52,106	365,049
Proceeds from sales	5,368	1,170	572	2,645	9,755
Refunds of previous years' expenditure	57,659	28,959	15,037	217,684	319,339
Privileges, licences and permits	11,066	1,595	1,346	16,328	30,335
Services and service fees	211,279	41,182	51,967	60,586	365,014
Domestic coinage					
Miscellaneous	64,012	16,127	47,311	592,280	719,730
Other amounts	654,956	95,029	117,608	941,629	1,809,222 ⁽¹⁾
Total non-tax revenue receivable (net of allowance for doubtful accounts)					1,587,254
					3,396,476

⁽¹⁾ This amount represents long-term accounts receivable and other amounts, which if included, would cause the aging schedule to be misleading.

Other receivables

This account records public moneys received after March 31, but applicable to the year just ended. It includes refunds of old year expenditure received prior to the closing of the accounts, and receipts to be credited to non-tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

Accounts receivable of consolidated Crown corporations

This account records the financial claims of consolidated Crown corporations.

Cash in Transit

Table 11.4 presents a summary of the balances and transactions for cash in transit. Chart B compares cash in transit for the last five fiscal years.

TABLE 11.4

CASH IN TRANSIT

	April 1/1992	Charges	Credits	March 31/1993
	\$	\$	\$	\$
Cash in hands of collectors and in transit	2,786,134,636	2,882,864,057	2,786,134,636	2,882,864,057
Moneys received after March 31 but applicable to the current year	300,622,982	292,696,158	300,622,982	292,696,158
Less: portion transferred to accounts receivable—Other receivables	293,000,000 7,622,982	293,000,000 585,696,158	291,792,000 592,414,982	291,792,000 904,158
Other cash—Consolidated Crown corporations ⁽¹⁾	107,831,000		60,191,000	47,640,000
Total	2,901,588,618	3,468,560,215	3,438,740,618	2,931,408,215

⁽¹⁾ Additional information on the consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Cash in hands of collectors and in transit

This account records public moneys received by public officers prior to April 1, but not deposited to the credit of the Receiver General for Canada in the Bank of Canada, before that date.

Moneys received after March 31 but applicable to the current year

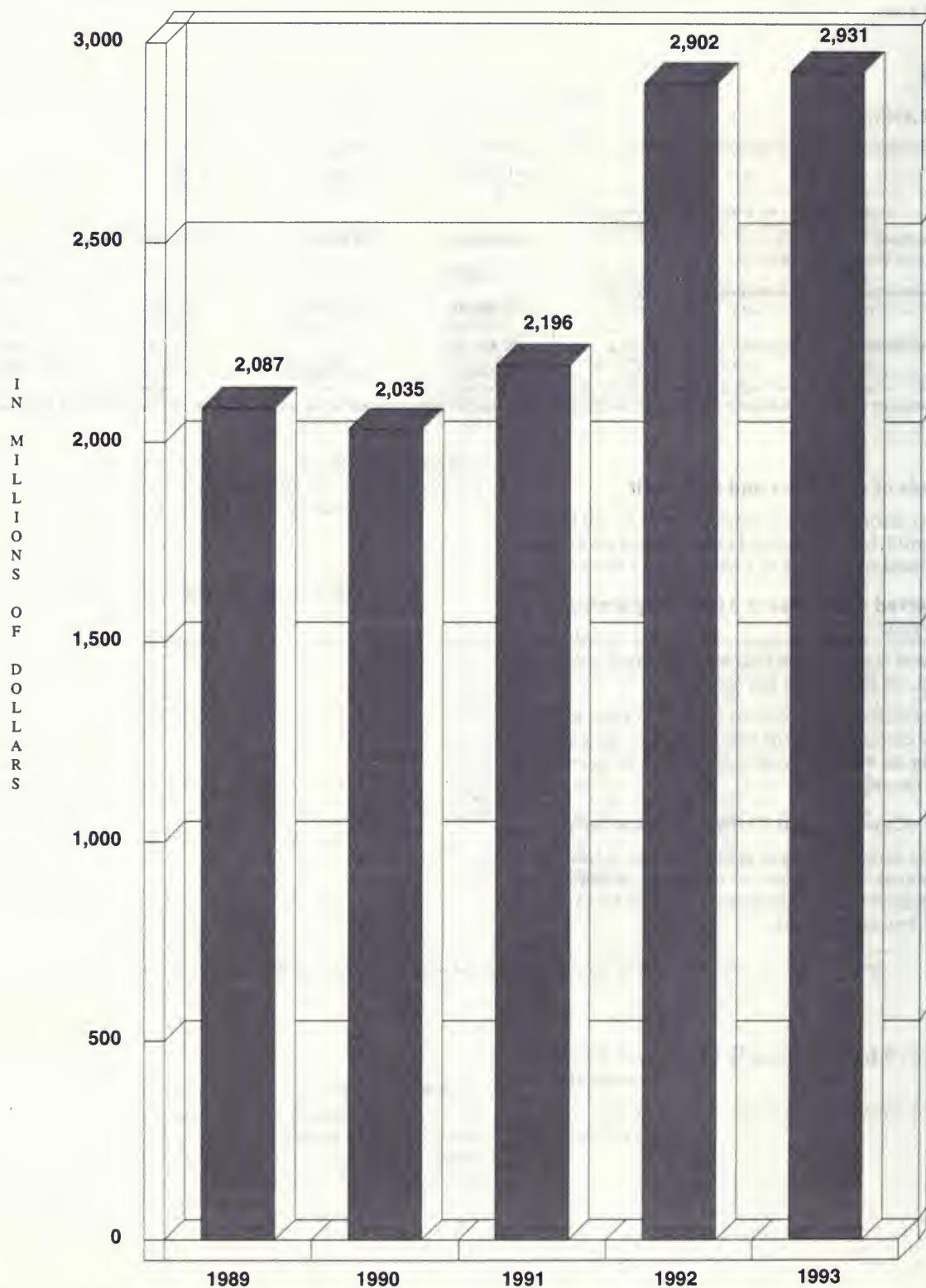
Public moneys received after March 31, but applicable to the year just ended, are recorded in this account.

This account includes receipts to be credited to asset, liability, (in exceptional cases) tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

Other cash—Consolidated Crown corporations

This account records the cash position of the consolidated Crown corporations. These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of these Crown corporations.

CHART B
CASH IN TRANSIT



Cash

The Government's cash account represents public moneys on deposit at March 31, to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions.

The cash position of the Government is affected not only by budgetary transactions, but also by non-budgetary, foreign exchange and unmatured debt transactions, all of which must be taken into account when considering the full scope of the Government's financial operations.

Table 11.5 presents a summary of the balances and related transactions in current and special Receiver General deposits. Chart C compares cash for the last five fiscal years.

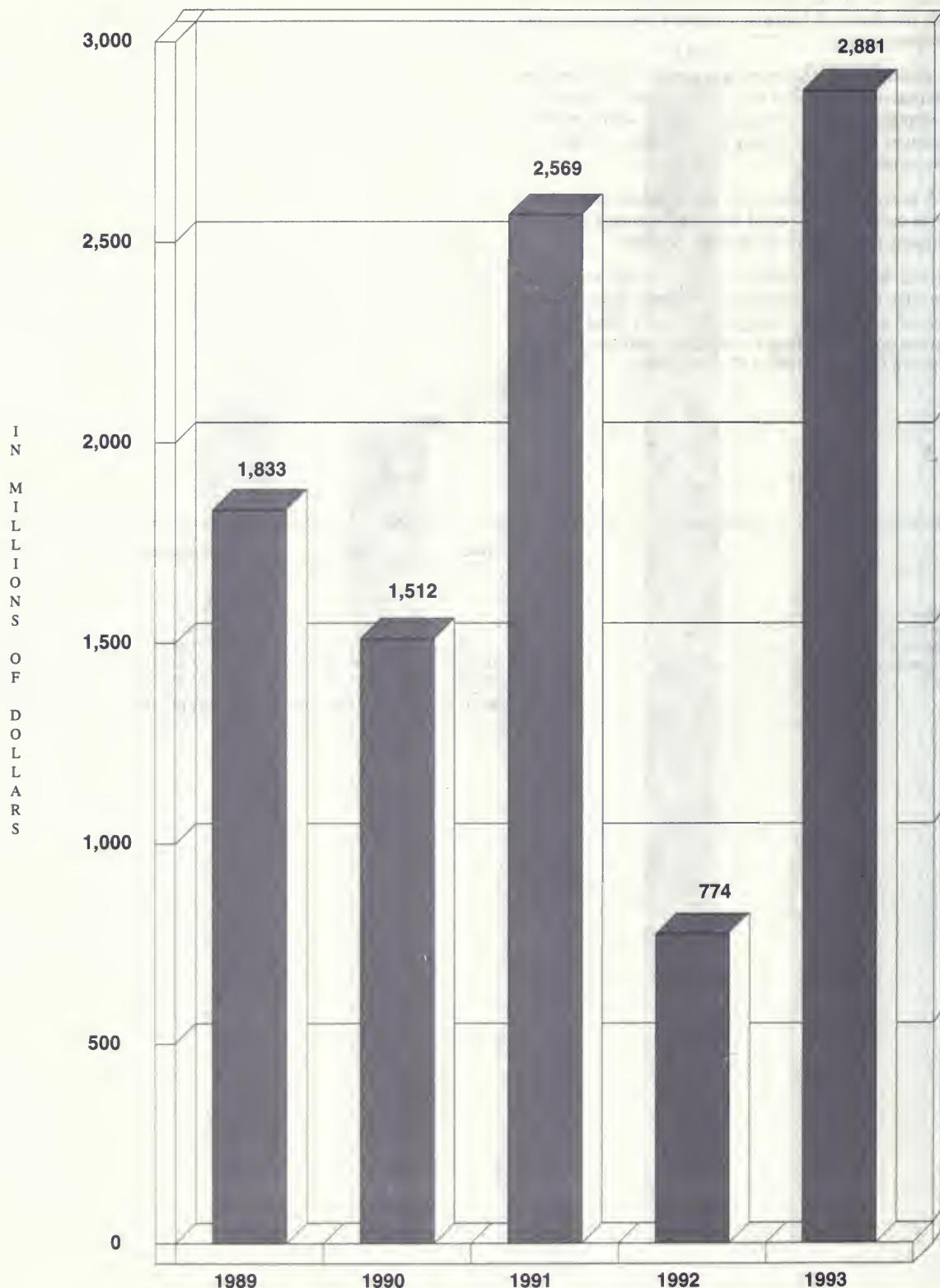
The year-end balances denominated in foreign currencies have been translated into Canadian dollar equivalents at year-end closing rates of exchange. Foreign currencies held include United Kingdom pounds sterling, United States dollars, Belgian, Swiss and French francs, and West German marks.

TABLE 11.5

CASH

	April 1/1992	Receipts	Disbursements	March 31/1993
	\$	\$	\$	\$
Receiver General—				
Current deposits—				
Canadian currency	677,050,163	683,388,558,819	681,291,512,079	2,774,096,903
Foreign currencies	95,586,933	1,565,199,053	1,555,648,824	105,137,162
Special deposits	1,363,221	365,207,933	364,852,676	1,718,478
Total	774,000,317	685,318,965,805	683,212,013,579	2,880,952,543

CHART C
CASH



Receiver General current deposits

The monthly balances of Canadian and foreign currency deposits for the last five years are presented in the following tables:

TABLE 11.6

CASH IN CANADIAN CURRENCY DEPOSITS (in millions of dollars)

At end of month of	Year ended March 31				
	1993	1992	1991	1990	1989
April	1,806	3,041	1,458	821	865
May	1,660	1,218	2,928	3,353	3,874
June	1,273	360	1,675	2,636	2,348
July	803	283	1,280	1,466	3,588
August	285	1,206	1,555	3,112	3,021
September	3,466	2,170	1,192	869	1,953
October	2,722	2,906	2,130	1,064	5,028
November	2,990	523	1,664	331	76
December	1,602	2,903	3,958	2,658	3,083
January	767	1,249	3,652	4,241	912
February	1,139	37	2,012	2,981	988
March	2,774	677	2,459	1,369	1,708

TABLE 11.7

CASH IN FOREIGN CURRENCY DEPOSITS (translated into Canadian dollars) (in millions of dollars)

At end of month of	Year ended March 31				
	1993	1992	1991	1990	1989
April	15	29	57	51	110
May	33	13	83	77	95
June	33	16	113	79	99
July	55	44	92	84	97
August	42	23	83	55	80
September	55	14	77	65	91
October	43	20	85	51	116
November	33	11	61	80	50
December	28	31	74	40	40
January	37	28	56	73	61
February	40	14	72	84	151
March	105	96	108	120	101

Receiver General special deposits

These are balances in the hands of fiscal agents of the Government, for the purchase or redemption of Government securities, and for the payment of interest.

Accumulated Deficit

The accumulated deficit is the account recording the net sum of annual deficits and surpluses of the Government of Canada since Confederation, together with certain amounts charged or credited directly to this account. The accumulated deficit is also equal to the excess of recorded liabilities over total financial assets.

A Statement of Accumulated Deficit is published in Section 2 of this volume.

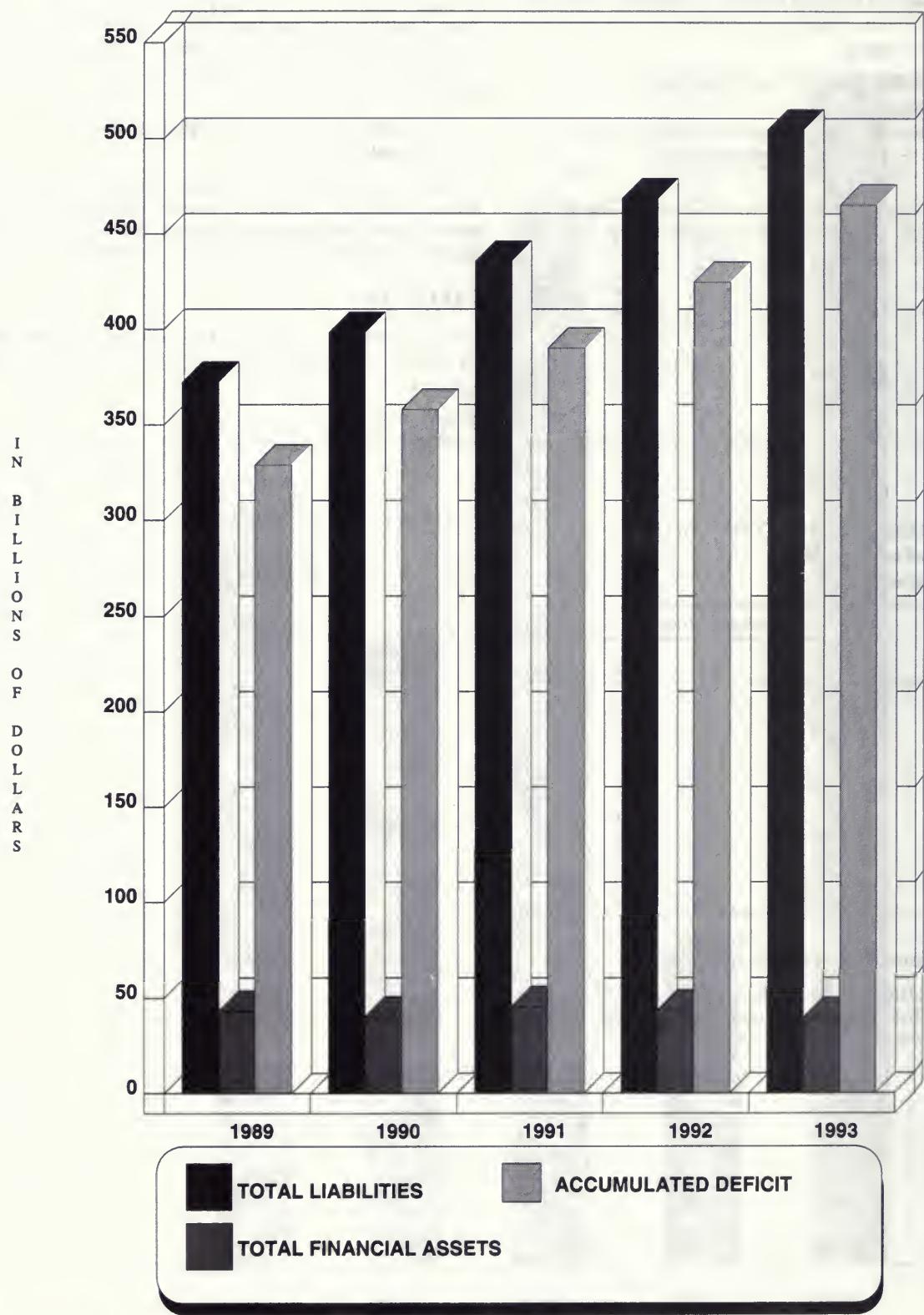
Table 11.8 presents a five year comparative statement of the accumulated deficit, in terms of total liabilities and total financial assets. Chart D compares the accumulated deficit in terms of total liabilities and total financial assets for the last five fiscal years.

TABLE 11.8

STATEMENT OF ACCUMULATED DEFICIT IN TERMS OF TOTAL LIABILITIES AND TOTAL FINANCIAL ASSETS (in millions of dollars)

As at March 31	Total liabilities	Less: total financial assets	Accumulated deficit	
			Amount	Increase or decrease (-)
1993	504,908	39,617	465,291	40,479
1992	468,430	43,618	424,812	34,463
1991	435,852	45,503	390,349	32,088
1990	398,486	40,225	358,261	29,016
1989	372,577	43,332	329,245	28,981

CHART D
ACCUMULATED DEFICIT



OTHER INFORMATION

Contractual Commitments

A contractual commitment represents a written obligation to outside organizations or individuals as a result of a contract. The nature of the Government's activities requires it to enter into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. In the case of contractual commitments to international organizations, some will result in future budgetary expenditure while others will result in non-budgetary payments.

Contractual commitments can be classified into seven categories: fixed assets, purchases, operating leases, capital leases, transfer payment agreements (grants and contributions), benefit plans for veterans and international organizations.

Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee, it is considered a capital lease. All other leases are classified as operating leases.

All outstanding contractual commitments of \$100 million or more per project at year end are reported in the case of fixed assets, purchases, operating leases and transfer payment agreements. All capital lease arrangements with total minimum lease payments remaining at year end in excess of \$1 million per contract are reported. Estimated annual expenditures under the *Pension Act* will approximate \$1,000 million for the next few years. In the case of international organizations, all contractual commitments in excess of \$1 million at year end are reported.

In accordance with the Government's significant accounting policies, the contractual commitments of consolidated Crown corporations are included with those of the Government.

Fixed assets, purchases, operating leases and transfer payment agreements

Table 11.9 provides details of contractual commitments that involve fixed assets, operating leases, purchases and transfer payment agreements. It discloses individual contractual commitments by category and by entity. Contractual commitments are summarized in Note 14 to the audited financial statements in Section 2 of this volume.

Fixed assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life.

Purchase commitments are commitments supported by a contract to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee.

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

TABLE 11.9

FIXED ASSETS, PURCHASES, OPERATING LEASES AND TRANSFER PAYMENT AGREEMENTS
AS AT MARCH 31, 1993
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitments to be disbursed by March 31					1999 and subsequently
					1994	1995	1996	1997	1998	
Fixed assets—										
National Defence—										
Helicopters with integrated logistic support	1,294	857	68	789	11	98	252	242	172	14
Light armoured reconnaissance vehicle chassis	884	132		132	4	13	46	69		
Shipborne aircraft and search and rescue helicopters ⁽¹⁾	5,775	3,570	152	3,418	202	367	601	516	511	1,221
Maritime coastal defence vessels	746	725	57	668	68	89	128	143	124	116
Aircraft warfare training capability	204	137	2	135	26	44	28	16	14	7
Tribal Class Update and Modernization Program—Warships	1,805	1,511	1,300	211	101	80	30			
Arctic and maritime surveillance aircraft	1,115	941	769	172	108	47	5	12		
Canadian Patrol Frigate Program—Warships	8,991	7,716	6,471	1,245	572	323	181	169		
North American										
Air Defence Modernization—Land, buildings, radar sites and communications equipment	1,636	1,500	1,156	344	149	183	12			
Light trucks and associated support	295	209	29	180	68	110	2			
Tactical communications system	1,899	1,314	163	1,151	138	273	251	204	129	156
Transport—										
Automated flight data processing and display systems	659	418	166	252	77	118	50	7		
Total fixed assets	25,303	19,030	10,333	8,697	1,524	1,745	1,586	1,378	950	1,514
Purchases—										
Industry, Science and Technology—										
Canadian Space Agency—										
Mobile Servicing System ⁽²⁾	296	296	296							
Radarsat Project	193	193	188	5	5					
National Defence—										
Ammunition	148	148		148	130	12	6			
Subtotal	637	637	484	153	135	12	6			

TABLE 11.9

FIXED ASSETS, PURCHASES, OPERATING LEASES AND TRANSFER PAYMENT AGREEMENTS AS AT MARCH 31, 1993—Concluded

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitments to be disbursed by March 31					1999 and subsequently
					1994	1995	1996	1997	1998	
Consolidated Crown corporations—										
Canadian Broadcasting Corporation—										
Sports rights ⁽³⁾	97	97		97	54	32	6	5		
VIA Rail Canada Inc—										
Land maintenance	183	183	3	180	1	1	2	2	2	172
Subtotal	280	280	3	277	55	33	8	7	2	172
Total purchases	917	917	487	430	190	45	14	7	2	172
Operating leases—										
Public Works—										
North and South Towers Journal Building, Ottawa	156	156	4	152	12	12	12	12	12	92
Subtotal	156	156	4	152	12	12	12	12	12	92
Consolidated Crown corporations—										
National Capital Commission—										
Office space	119	119		119		1	4	4	4	106
VIA Rail Canada Inc—										
Office Space	132	132	28	104	6	6	6	5	6	75
Subtotal	251	251	28	223	6	7	10	9	10	181
Total operating leases	407	407	32	375	18	19	22	21	22	273
Transfer payment agreements—										
Canada Mortgage and Housing Corporation (Government account)—										
Social Housing Program ⁽⁴⁾	10,258	10,258		10,258	2,033	2,040	2,047	2,052	2,086	
Energy, Mines and Resources—										
Support for the Hibernia Development Project	974	974	266	708	247	250	193	18		
Indian Affairs and Northern Development—										
Gwich'in Comprehensive Land Claim Agreement	175	175	11	164	10	9	11	14	14	106
Inuvialuit Regional Corporation—										
Comprehensive land compensation	152	152	40	112	20	20	20	20	32	
Saskatchewan Treaty Land Entitlement Framework Agreement	345	345	6	339	84	22	22	22	22	167
Total transfer payment agreements	11,904	11,904	323	11,581	2,394	2,341	2,293	2,126	2,154	273
Total	38,531	32,258	11,175	21,083	4,126	4,150	3,915	3,532	3,128	2,232

⁽¹⁾ Included is an amount of \$3,400 million related to the purchase of EH-101 helicopters.⁽²⁾ The retirement of this commitment, reported in previous years, is shown for continuity purposes.⁽³⁾ This commitment will not be reported in future years since the outstanding obligation is now less than \$100 million.⁽⁴⁾ This is a calculation based on information presently available and is subject to change, specially over the longer term.

Capital leases

Table 11.10 provides details of commitments under capital lease arrangements which are summarized in Note 14 to the audited financial statements in Section 2 of this volume. A capital lease is a lease that, from the point of view of the Government,

transfers substantially all the benefits and risks incident to ownership of the asset to the Government. Table 11.11 presents commitments under capital lease arrangements in order of maturity. Table 11.12 presents details of purchase options exercised during the year.

TABLE 11.10**COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS**

(in thousands of dollars)

Department and agency identification of capital lease	Inception date	Lease term in years	Fair value of leased property at inception	Total estimated minimum lease payments, full term (excluding executory costs)	Implicit interest rate (%)	Balances at March 31, 1993			Net commitments under capital lease arrangements
						Total estimated remaining minimum lease payments	Less: imputed interest, using the implicit interest rate	Less: executory costs	
Communications—									
National Film Board—									
Vax System 3600	March 9, 1989	5	1,515	1,637	9.5	294			294
Indian Affairs and Northern Development—									
Office equipment	March 1, 1993	3	2,399	7,109	23	7,447	2,297	519	4,631
Industry, Science and Technology—									
Computers and hardware	Sept 6, 1990	3	1,838	2,031	5.0	499	12		487
Public Works—									
Guy Favreau Building, Montréal	Dec 1, 1983	35	87,600	422,980	12.6 ⁽²⁾	318,189	231,992		86,197
240 Sparks St, Ottawa	Jan 1, 1979	35	63,703	213,500	9.1 ⁽²⁾	126,575	70,645		55,930
L'Esplanade Laurier, Ottawa	July 1, 1975	35	60,374	222,715	9.4 ⁽²⁾	118,895	66,637		52,258
Place du Centre, Hull	Dec 1, 1977	30	26,201	96,600	11.2 ⁽²⁾	50,294	27,853		22,441
Terrasses de la Chaudière, Hull	July 1, 1977	35	146,084	637,380	11.4 ⁽²⁾	374,955	240,607		134,348
Government of Canada Building, (GOCB), Cornwall	Dec 1, 1984	35	9,600	49,420	14.6 ⁽²⁾	37,654	28,228		9,426
Scarborough (GOCB)	Dec 1, 1984	35	38,900	191,965	13.2 ⁽²⁾	148,642	110,427		38,215
Chatham (GOCB)	June 1, 1985	35	4,940	20,790	11.8 ⁽²⁾	16,139	11,342		4,797
Place Vincent Massey, Hull	Aug 1, 1986	25	23,439	78,627	13.0 ⁽²⁾	57,657	34,862		22,795
Canada Place, Edmonton	Oct 1, 1988	35	105,000	438,165	11.7 ⁽²⁾	381,830	278,493		103,337
Louis Saint-Laurent, Hull	Aug 1, 1991	25	73,000	223,897	10.8	209,997	138,713		71,284
Block 56, Vancouver	June 1, 1995	25	104,400						
Museum of Science and Technology, Ottawa	April 1, 1992	1	13,368	18,500		17,000			17,000
			756,609 ⁽¹⁾	2,614,539		1,857,827	1,239,799		618,028
Canada Mortgage and Housing Corporation (Government Account)—									
National Office Building, Ottawa ..	Oct 1, 1990	25	38,982	109,435	11.6 & 11.8	94,809	57,992		36,817
Subtotal			795,591	2,723,974		1,952,636	1,297,791		654,845
Consolidated Crown Corporation—									
Canadian Broadcasting Corporation—									
VAX Computer, Montreal	July 1, 1990	4	1,355	1,972	7.4	898	87		811
Canadian Broadcasting Centre, 250 Front St. W., Toronto	Aug 31, 1991	47	500,312	1,565,722	Varied	1,503,153	1,067,641		435,512
Subtotal			501,667	1,567,694		1,504,051	1,067,728		436,323
Total			1,303,010	4,302,445		3,464,927	2,367,828	519	1,096,580

⁽¹⁾ Estimated fair value⁽²⁾ Lessors'/Lessees' financing rate per lease agreement is subject to change over term of lease.

TABLE 11.11

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS IN ORDER OF MATURITY
(in thousands of dollars)

Department and agency	Payments due in											
	1994	1995	1996	1997	1998	1999 to 2003	2004 to 2008	2009 to 2013	2014 to 2018	2019 to 2023	2024 to 2028	Total
Communications—National Film Board—												
Remaining payments	294											294
Imputed interest												
Net commitments	294											294
Indian Affairs and Northern Development —												
Remaining payments	2,170	2,170	3,107									7,447
Imputed interest	1,042	819	436									2,297
Executive costs			519									519
Net commitments	1,128	1,351	2,152									4,631
Industry, Science and Technology—												
Remaining payments	499											499
Imputed interest	12											12
Net commitments	487											487
Public Works—												
Remaining payments	91,091	74,091	74,091	74,091	74,091	370,455	385,931	383,140	202,192	122,394	6,260	1,857,827
Imputed interest	68,626	68,031	67,371	66,640	65,826	313,415	270,818	192,924	99,295	26,352	501	1,239,799
Net commitments	22,465	6,060	6,720	7,451	8,265	57,040	115,113	190,216	102,897	96,042	5,759	618,028
Canada Mortgage and Housing Corporation (Government Account)—												
Remaining payments	5,169	5,169	5,169	5,169	5,169	23,542	18,169	18,169	9,084			94,809
Imputed interest	4,180	4,071	3,950	3,815	3,666	16,380	12,398	8,400	1,132			57,992
Net commitments	989	1,098	1,219	1,354	1,503	7,162	5,771	9,769	7,952			36,817
Consolidated Crown Corporation—												
Canadian Broadcasting Corporation—												
Remaining payments	28,499	31,921	33,872	35,601	37,541	130,517	263,527	269,307	269,307	269,307	134,652	1,504,051
Imputed interest	48,011	42,177	43,010	43,712	44,326	135,154	213,132	214,195	164,367	102,397	17,247	1,067,728
Net commitments	-19,512	-10,256	-9,138	-8,111	-6,785	-4,637	50,395	55,112	104,940	166,910	117,405	436,323
Summary—												
Remaining payments	127,722	113,351	116,239	114,861	116,801	524,514	667,627	670,616	480,583	391,701	140,912	3,464,927
Imputed interest	121,871	115,098	114,767	114,167	113,818	464,949	496,348	415,519	264,794	128,749	17,748	2,367,828
Executive costs					519							519
Net commitments	5,851	-1,747	953	694	2,983	59,565	171,279	255,097	215,789	262,952	123,164	1,096,580

TABLE 11.12

CAPITAL LEASES—PURCHASE OPTIONS EXERCISED DURING THE YEAR
(in thousands of dollars)

Department and agency identification of capital leases	Original lease plan			Values upon exercise of purchase option				Market or appraisal value	
	Total minimum lease payments including final purchase options	Imputed interest	Executory costs	Net commitments	Total minimum lease payments including purchase options exercised	Imputed interest	Net minimum lease payments	Executory costs	Purchase options exercised
National Revenue—									
Taxation—									
Cartridge library	3,574	1,640		1,934	3,574	1,640	1,063		871
Total	3,574	1,640		1,934	3,574	1,640	1,063		871

N/A—Not available.

International organizations

Table 11.13 summarizes commitments made to international organizations which are also summarized in Note 14 to the audited financial statements in Section 2 of this volume. These commitments relate to agreements with international organizations and other sovereign nations, which stipulate that the Government will disburse funds in future years for loans, advances and paid-in share capital. Some of these disbursements will be in the form of budgetary payments, while others will be non-budgetary. Additional information on these commitments is provided in Table 11.16 and in Section 2 of this volume.

TABLE 11.13

INTERNATIONAL ORGANIZATIONS SUMMARY (in millions of dollars)

	Undisbursed loans and advances	Future paid-in share capital	Total
Non-budgetary share capital and loans	831	137	968
Budgetary loans and advances	1,601		1,601
Total	2,432	137	2,569

Insurance Programs of Agent Enterprise Crown Corporations

At present, three Crown corporations operate insurance programs as agents of Her Majesty. An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision operated by the corporation. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis but in recent years, two of the Crown corporations have required loans or other funding from the Government to meet obligations.

Information presented in Table 11.14 has not been audited since the information presented therein is derived from interim financial statements. The most recent annual financial statements of these corporations may be found in the "President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada". Insurance programs of agent Crown corporations are summarized in Note 15 to the audited financial statements in Section 2 of this volume.

In Table 11.14, a minus "-" sign preceding the amount reported indicates a fund deficit, an expense recovery or adjustment, or a decrease or loss during the year.

TABLE 11.14

SUMMARY OF INSURANCE PROGRAMS OF AGENT ENTERPRISE CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1993
(in millions of dollars)

	Canada Deposit Insurance Corporation ⁽¹⁾				Canada Mortgage and Housing Corporation ⁽²⁾						Export Development Corporation ⁽³⁾	
			Mortgage Insurance Fund		Mortgage-Backed Securities Guarantee Fund		Home Improvement Loan Fund		Rental Guarantee Fund			
	1992-93	1991-92	1992-93	1991-92	1992-93	1991-92	1992-93	1991-92	1992-93	1991-92	1992-93	1991-92
Insurance in force as at reporting date	303,071	302,335	74,600	62,352	13,532	8,258	nil	(4)	N/A	N/A	5,886	5,512
Opening balance of Fund	-634	-679	99	187	6	4	1	1	18	17	89	48
Revenue for the year—												
Premiums and fees	302	290	234	192	7	3					30	32
Investment income	6	8	135	114	2	1					1	
Other revenue	1	9	2	4		1			1	1		1
Total revenue	309	307	371	310	9	5	(4)	(4)	1	2	30	33
Expense for the year—												
Loss on/provision for claims	960	61	295	265							14	-8
Interest on loans	199	174										
Administrative	29	27	89	78	4	3			1	1	3	
Funds returned to Government				55								
Total expense	1,188	262	384	398	4	3	(4)	(4)	1	1	17	-8
Net income/loss (-) for the year	-879	45	-13	-88	5	2	(4)	(4)		1	13	41
Closing balance of Fund	-1,513	-634	86	99	11	6	1	1	18	18	102	89
Net claims during the year ⁽⁵⁾	53	687	333	100	N/A	N/A	(4)	(4)	N/A	N/A	36	2
Five year average of net claims paid	272	252	89	11	N/A	N/A	(4)	(4)	N/A	N/A	14	6

N/A—Not applicable.

(1) The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to \$60,000 per depositor, per institution. In recent years, premiums paid by member institutions have not been sufficient to meet obligations incurred by CDIC under the insurance plan. This deficiency has been funded, in part, by loans from the Government of \$3,085 million at March 31, 1993 (\$1,785 million at March 31, 1992). The Government is continuing to explore alternatives to allow CDIC, over the long run, to eliminate its deficiency without budgetary support from the Government. Since there is no reason to believe that this will not be the case, no provision has been made in the accounts of Canada for the losses experienced by CDIC.

(2) Canada Mortgage and Housing Corporation (CMHC) administers four funds of which the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund are active. The MIF provides insurance for a fee, to private sector lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by private institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF as of September 30, 1992 disclosed that the Fund is more than sufficient to pay all future claims with respect to business in force. The surplus as at September 30, 1992 was estimated to be \$47.4 million. The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a fee paid by approved financial institutions, CMHC and ultimately the Government, guarantee timely payment of principal and interest to MBS investors who participate in a pool of MIF insured first residential mortgages which have been repackaged by the financial institution into investments of \$5,000 denominations. Since 1984, the Corporation has also operated the Mortgage Rate Protection Program (MRPP). As premiums collected by CMHC for the Program are remitted directly to the Consolidated Revenue Fund (CRF) and obligations of the MRPP are ultimately payable from the CRF, the Mortgage Rate Protection Program does not meet the definition of a Crown corporation insurance plan as defined above. Therefore, operating particulars of this Program are not included in this summary but some information will be found in the notes to the Government of Canada Statement of Contingent Liabilities.

(3) The Export Development Corporation provides export and foreign investment insurance to Canadian business to facilitate and develop export trade. The insurance fund has been adequate to provide for the full cost of claims experienced to date and to establish an allowance for future claims based on previous claims experience.

(4) Less than \$500,000.

(5) Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

For the purpose of reporting contingent liabilities, the Government of Canada is defined as all organizations which are accountable for the administration of their affairs and resources either to a Minister of the Government or directly to Parliament, and which are owned or controlled by the Government. Except for Government enterprises, all Government organizations are accounted in the financial statements by consolidation. Government enterprises are accounted for by the cost method and are defined to be those corporate organizations that sell goods and services to individuals and non-government organizations as their principal activity, and are not appropriation-dependent.

Consequently, the contingent liabilities of consolidated Crown corporations are included with those of the Government in Table 11.15 but in summary form only. For further details of contingent liabilities of consolidated Crown corporations, refer to Table 5.4—"Contingent Liabilities of Consolidated Crown Corporations". Particulars of contingent liabilities of enterprise Crown corporations are not consolidated with those of the Government but details of these contingencies may be found in Table 6.9—"Contingent Liabilities of Enterprise Crown Corporations". However, the borrowings of agent enterprise Crown corporations are reported with the contingent liabilities of the Government in compliance with the *Financial Administration Act*. In accordance with Section 54 of the Act, the repayment of all money borrowed by agent enterprise Crown corporations is payable out of the Consolidated Revenue Fund. Such borrowings therefore, constitute potential obligations of the Government and are reported as such in Table 11.15. Three agent enterprise Crown corporations also operate insurance programs. Information regarding these insurance programs can be found in Table 11.14 of this section.

The contingent liabilities of the Government include borrowings by agent Crown corporations (net of allowance for loss), from non-government sources and explicit guarantees by the Government for borrowings by non-agent Crown corporations from the private sector. In other cases, the Government has

agreed to guarantee loans made by agent enterprise Crown corporations to Indians for on-reserve housing. As well, the Government has also guaranteed collectively or specifically the loans of certain individuals and companies that they obtained from financial institutions in the private sector. These explicit guarantees cover guarantee programs of the Government, explicit guarantees by the Government for loans, financial arrangements and other potential liabilities, insurance programs of the Government and other explicit guarantees. They also comprise potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items. Pending and threatened litigation is reported in total as are the contingent liabilities of consolidated Crown corporations in the following table. Also included, are contingent liabilities related to present and future callable share capital and lines of credit for international organizations.

Contingent liabilities other than loan guarantees and borrowings of agent enterprise Crown corporations, are recorded in the accounts when they become actual liabilities. Losses on loan guarantees are accrued in the accounts through a valuation allowance calculation when it is likely that a payment will be made in the future to honour a guarantee and where the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the loan guarantee, loss experience and the use of other measurement techniques. Borrowings of agent enterprise Crown corporations are recorded as liabilities through a valuation allowance for the portion not expected to be repaid directly by these corporations.

Also included in this Section for the first time, are contingent liabilities related to present, and future callable share capital and lines of credit for international organizations. These contingent liabilities, disclosed in Section 6 of this volume in previous years, may result in non-budgetary future payments.

The following table is also summarized in Note 16 to the financial statements of the Government in Section 2 of this volume.

TABLE 11.15

STATEMENT OF CONTINGENT LIABILITIES
AS AT MARCH 31, 1993

	Authorized limit (where applicable) ⁽¹⁾	Contingent liability ⁽²⁾	Percentage of expected losses to outstanding guarantees (where applicable) ⁽³⁾
	\$	\$	%
GUARANTEES BY THE GOVERNMENT OF—			
Borrowings by enterprise Crown corporations which are agents of Her Majesty		18,582,549,000 ⁽⁴⁾	17.0
Explicit borrowings by enterprise Crown corporations which are not agents of Her Majesty—			
Canadian National Railway Company—Bonds and notes	130,500	130,500	
	<u>130,500</u>	<u>18,582,679,500</u>	
Borrowings by other than enterprise Crown corporations—			
From agents—			
Loans to Indians by the Canada Mortgage and Housing Corporation and the Farm Credit Corporation, for on-reserve housing	1,000,000,000	67,775,311 ⁽⁵⁾	
From other than agents—			
Guarantee programs of the Government—			
Canada Student Loans Act	8,466,890,302 ⁽⁶⁾	3,673,013,858	9.6
Small Businesses Loans Act	1,124,902,508 ⁽⁶⁾	490,456,975	12.6
Farm Improvement Loans Act and Farm Improvement and Marketing Cooperatives Loans Act	383,377,835 ⁽⁶⁾	374,744,919	2.4
Atlantic Enterprise Program	102,929,631	102,929,631 ⁽⁷⁾	34.0
Advance Payments for Crops Act	400,000,000	94,054,711	2.1
Enterprise development program and Canadian Industrial Renewal Board	1,018,355,354	9,259,521 ⁽⁸⁾	
Fisheries Improvement Loans Act	4,288,546 ⁽⁶⁾	3,599,063	
Regional Development Incentives Act	20,304,075 ⁽⁹⁾	2,259,287	
Loans to Indians by approved lenders for on-reserve housing		738,117,992 ⁽⁵⁾	0.1
Financial obligations incurred by air carriers regarding purchase of The de Havilland Aircraft of Canada, Limited DHC-7 and DHC-8 aircraft	939,625,000 ⁽¹⁰⁾	524,983,641 ⁽¹⁰⁾	6.7
Aboriginal Economic Program	5,842,699	4,966,294	60.4
Indian economic development	33,308,640 ⁽¹¹⁾	3,126,491 ⁽⁵⁾	
Supplemental DHC-8 aircraft Insurance Program	10,000,000	489,223	
	<u>12,509,824,590</u>	<u>6,022,001,606</u>	
Other explicit loan guarantees— ⁽¹²⁾			
Loans with respect to the Hibernia Development Project Act	1,660,000,000	292,492,730	
Loans to NewGrade Energy Inc to finance construction of a heavy oil upgrader	275,000,000	273,270,000	
Loan to PWA Corporation for operating purposes	50,000,000	50,000,000	
Loans to Marine Industries Limited for acquisition of assets	55,000,000	40,000,000	
Loan to St Marys Paper Inc to modernize and expand a paper making facility at Sault Ste Marie, Ontario	15,000,000	15,000,000	
Loans for the restructuring of Maislin Industries Ltd	8,355,015 ⁽¹⁰⁾	8,355,015 ^(10X13)	
Loan to Seafreeze Food Limited for acquisition of assets	15,000,000	4,648,014	
Loans for the financing of Cheticamp Fishermen's Co-operative Society Ltd	360,000	39,845	
	<u>2,078,715,015</u>	<u>683,805,604</u>	
Insurance programs of the Government— ⁽¹⁴⁾			
Insurance against accidents at nuclear installations under the Nuclear Liability Act ⁽¹⁵⁾	600,000,000	589,461,479	
Accounts administered for the Government by the Export Development Corporation—Insurance and related guarantees	7,000,000,000 ⁽¹⁶⁾	534,000,000	
Insurance under the Fishing Vessel Insurance Plan ⁽¹⁷⁾	25,469,871	243,433,000	
	<u>7,625,469,871</u>	<u>1,366,894,479</u>	
Other explicit guarantees— ⁽¹⁸⁾			
Guarantees under the Prairie Grain Advance Payments Act		749,462,118	0.1
Guarantees under the Agricultural Products Cooperative Marketing Act		25,320,795	
Guarantees to holders of mortgages insured by the Mortgage Insurance Company of Canada	350,000,000	39,174,490	
Guarantee of electricity sales by Yukon Energy Corporation to Curragh Resources Inc	1,200,000	1,200,000 ⁽¹⁹⁾	
Guarantee to the City of Toronto of payment by H&D International Group of 25 percent of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property	500,000	500,000	
	<u>351,700,000</u>	<u>815,657,403</u>	
Total gross guarantees		23,565,839,976	27,538,813,903
Less: allowance for losses			4,555,000,000 ⁽²⁰⁾
Net exposure under guarantees			22,983,813,903

11.20 OTHER INFORMATION RELATED TO
THE FINANCIAL STATEMENTS

TABLE 11.15

STATEMENT OF CONTINGENT LIABILITIES
AS AT MARCH 31, 1993—Continued

	Authorized limit (where applicable) ⁽¹⁾	Contingent liability ⁽²⁾	Percentage of expected losses to outstanding guarantees (where applicable) ⁽³⁾
	\$	\$	%
CLAIMS AND PENDING AND THREATENED LITIGATION		7,250,487,925 ⁽¹⁰⁾⁽²¹⁾	
INTERNATIONAL ORGANIZATIONS		13,409,518,798 ⁽¹⁰⁾⁽²²⁾	
COMPREHENSIVE NATIVE LAND CLAIMS		<u>831,017,575⁽²³⁾</u>	
Subtotal ⁽²⁴⁾		44,474,838,201	
CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS		<u>82,428,000⁽²⁵⁾</u>	
Total		<u>44,557,266,201</u>	

(1) The authorized limits indicated in the above statement, represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

(2) A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

(3) The percentage of expected losses is calculated, where applicable, by dividing the amount of allowances for loan guarantees by the amount of the corresponding outstanding guarantees computed as at March 31, 1993.

(4) Borrowings by agent enterprise Crown corporations in accordance with Section 54 of the *Financial Administration Act*, are considered potential obligations of the Government and are therefore included in this statement. Outstanding borrowings for these Crown corporations are summarized as follows as at March 31, 1993:

	(in thousands of dollars)
Atomic Energy of Canada Limited	13,600
Canada Development Investment Corporation	593,752
Canada Mortgage and Housing Corporation	152,295
Canada Ports Corporation	188,455
Canada Post Corporation	55,000
Canadian Saltfish Corporation	41
Canadian Wheat Board, The	6,966,428
Export Development Corporation	6,983,010
Farm Credit Corporation	797,317
Federal Business Development Bank	2,351,861
Freshwater Fish Marketing Corporation	5,673
Petro-Canada Limited	455,413
Saint John Port Corporation	19,696
Seaway International Bridge Corporation, Ltd, The	8
Total	<u>18,582,549</u>

(5) For more information on the borrowings of agent Crown corporations, please refer to Table 6.7 in this volume.

(6) Includes committed guarantees for the following loans to be made: to Indians for on-reserve housing, \$135,530,756 and for Indian economic development, \$243,000. At March 31, 1993, no loans had been issued for these amounts.

(7) The Act places limits on the maximum amount of guarantee for loans made by eligible lenders over different loan periods. The maximum amount of guarantee by lender is expressed in legislation as a percentage of aggregate loans made to qualified borrowers and varies according to the dollar value range of aggregate loans made by the lender. The authorized limits for given loan periods are included in the figure reported until all qualified loans made by all eligible lenders in the given periods are no longer outstanding, and are not adjusted for loan repayments nor payments made by the Government for guaranteed amounts in which default has occurred.

(8) The Atlantic Enterprise Program offers loan insurance on new term loans for the establishment, expansion or modernization of commercial operations in eligible sectors in the Atlantic provinces where the Program is administered by the Atlantic Canada Opportunities Agency (\$93,145,581 as at March 31, 1993) and in the Gaspé Peninsula and Magdalene Islands of Québec where administration of the Program is the responsibility of the Federal Office of Regional Development (Quebec) (\$7,728,407 as at March 31, 1993). Industry, Science and Technology has responsibility for all capital projects in excess of \$20 million in the Atlantic provinces (\$85,806 as at March 31, 1993).

(9) There are no loan guarantees attributable to the Canadian Industrial Renewal Board. The authorized limit for loan guarantees for on-reserve housing totals \$1 billion (as shown above) for loans made by the Canada Mortgage and Housing Corporation, the Farm Credit Corporation and other approved lenders.

(10) Amount denominated wholly or partially in a foreign currency and translated at the closing rate of exchange as at date of the statement.

(11) The maximum aggregate amount that may be paid or that may have been paid from the Consolidated Revenue Fund (CRF) relative to Indian economic development in previous, current or subsequent years, with respect to all guarantees authorized and granted, is set at \$60 million. As at March 31, 1993, \$26,691,360 has been expended from the CRF leaving a balance of \$33,308,640 available for disbursement.

(12) Ridley Terminals Inc. (RTI) became a wholly-owned subsidiary of Canada Ports Corporation, an enterprise agent Crown corporation, on July 30, 1991. Canada Ports Corporation has arranged long-term financing to facilitate the acquisition of RTI, payment of which has been guaranteed by the Government. However, a contingent liability does not exist in this situation since the amount of loan under the guarantee (\$188,450,000 as at March 31, 1993) is included with the borrowings of the parent, Canada Ports Corporation. Please see Note (4) above.

(13) Maislin Industries Ltd was placed in receivership on July 11, 1983 and declared bankrupt on October 19, 1983. To date, the Government has made interim payments totalling \$20,361,132 US to creditors under a guarantee in the amount of \$27 million US. It is anticipated that the Government will make further payments to settle remaining obligations to creditors once certain issues are settled in US Federal Court. At the moment, the amount cannot be determined with any certainty.

TABLE 11.15

STATEMENT OF CONTINGENT LIABILITIES
AS AT MARCH 31, 1993—Concluded

(14) Since 1984, the Canada Mortgage and Housing Corporation (CMHC) has operated the Mortgage Rate Protection Program on behalf of the Government. In return for payment of a premium, CMHC will reimburse homeowners 75 percent of any increase in monthly mortgage payments, above a deductible, due to higher interest rates at the time of mortgage renewal. As recent mortgage interest rates have been relatively stable, the Program is not widely utilized and loans covered by the Program at March 31, 1993 amounted to only \$911,000 (\$911,000 at March 31, 1992). Premiums collected by CMHC are remitted directly to the Consolidated Revenue Fund (CRF) and obligations are ultimately payable from the CRF. Because of the nature of the Program, it is not possible to estimate the amounts, if any, that might be payable at some future date.

(15) There have been no claims under the *Nuclear Liability Act* since its inception in 1970. The Act covers 8 Canadian nuclear installations as at March 31, 1993.

(16) The *Export Development Act* specifies that Export Development Corporation may enter into contracts of insurance, re-insurance, related guarantees and other agreements up to a maximum of \$7 billion, the authorized limit.

(17) The Fishing Vessel Insurance Plan, administered by the Government to assist fishermen in meeting abnormal capital losses. A consolidated specified purpose account is credited with all amounts received by way of premiums, recoveries and with advances in accordance with regulations by the Government, such advances not to exceed \$150,000 at any time. The account is debited with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen, where the collision involves a vessel insured under the Plan. As at March 31, 1993, the insured value of vessels under the Plan amounted to \$243,398,000; the balance of the account was \$25,551,254 and outstanding claims against the Plan amounted to \$1,500,000.

(18) A letter of comfort has been issued with respect to credit grain sales by The Canadian Wheat Board. The letter states that the Government will assume responsibility for the liabilities arising from defaults in payment by countries purchasing Canadian grain on credit. Receivables under this guarantee amounted to \$6.5 billion at March 31, 1993.

(19) The Government has agreed to pay Yukon Energy Corporation up to \$300,000 per year up to March 31, 1997 should electricity sales to Curragh Resources Inc. fall below specified limits.

(20) Included in the allowance for probable losses is \$3,560 million (\$3,430 million in 1992) for borrowings of agent enterprise Crown corporations.

(21) Classified as follows:

(in millions of dollars)

a. alleged breach of written, verbal, statutory contracts including construction disputes	318
b. damage to property including loss of income	894
c. physical and mental injury including accidents and false imprisonment	243
d. expropriation and land claims	4,665
e. miscellaneous	1,134
Sub total	7,254
Less duplicated claims	4
Total	7,250

Included in (d.) above is \$3.8 billion, a major portion of which is related to native statutory and treaty obligations representing plaintiffs' claims in 103 litigation cases. There are another 171 similar cases for which amounts are not stated in the claims, and for which it is not possible to determine the amounts that may be ultimately payable. In addition, the Government has 335 cases, not yet in litigation, of which 48 cases representing plaintiffs' claims amounting to \$224.9 million are also included in (d.). The amount involved for the remaining 287 claims cannot be determined at this time and no amount for such claims is shown.

(22) The Government has contingent liabilities for callable share capital and future callable share capital related to shares in certain international organizations. The Government has also issued lines of credit to international organizations to finance future lending. Because these contingent liabilities relate to non-budgetary share capital and loans, there would be no impact on budgetary expenditure if these potential liabilities become actual liabilities, as cash would be simply be exchanged for another asset. See Table 11.16 for more details of these contingencies.

(23) The Government has 6 comprehensive native land claims under negotiation. A further 22 claims have been validated and are awaiting negotiation. Another 8 are under review. Of the 6 comprehensive claims, one claim and a portion of the Dene-Metis claim are in the final stages of negotiation. Should the two negotiations be ratified, the Government would be liable to pay financial compensation over a number of years as follows:

	(in millions of dollars)
Council for Yukon Indians	313
Sahtu Region (of the Dene-Metis claim)	75
	388
Implementation costs	443
	831

In July 1990, the Dene Nation and Metis Association failed to ratify their claim in total. As a result, regional settlements were to be negotiated with five regions based on an overall total of \$504 million plus associated costs of \$212 million. Of the 5 regions, only the Gwich'in Region has reached settlement, although the Sahtu Region is in the final stages of negotiation. The compensation required to settle the other three regional claims is estimated at \$354 million and this amount is included in Claims and Pending and Threatened Litigation under expropriation and land claims.

(24) Contingent gains. A contingent gain is a potential gain or possible recovery that may become an actuality when one or more future events occur or fail to occur. Three departments reported contingent gains as at March 31, 1993 totalling \$9.4 million.

(25) In accordance with the Government's significant accounting policies, the contingent liabilities of Crown corporations that rely on Government funding as their principal source of revenue, are consolidated with those of the Government. See Table 5.4 of this volume for further details of contingent liabilities of consolidated Crown corporations.

International Organizations

Table 11.16 summarizes the contingent liabilities and commitments for international organizations according to whether they would result in the disbursement of funds for non-budgetary share capital and loans, or for budgetary loans and advances. Non-budgetary share capital and loans are considered to be assets of the Government, whereas budgetary loans and advances are considered to be transfer payments to the organizations or countries involved.

Within the contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations. Future callable share capital consists of callable share capital related to subscriptions that Canada has made a commitment to purchase in future, as well as callable share capital that Canada has the option of subscribing to in the future. As well, lines of credit that have been made available to international organizations to finance future lending activities are included as contingent liabilities.

Commitments reported in this table include loans and advances to international organizations and developing countries, which Canada has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations.

Table 11.16 provides additional information on contingent liabilities for international organizations that are summarized in Table 11.15 and contractual commitments for international organizations that are summarized in Table 11.13. This information was presented in Section 6 of this volume in previous years. Information contained in this table is also summarized in Notes 14 and 16 to the financial statements which are included in Section 2 of this volume.

TABLE 11.16

INTERNATIONAL ORGANIZATIONS
CONTINGENT LIABILITIES AND COMMITMENTS
(in millions of dollars)

	Contingent liabilities ⁽¹⁾				Commitments ⁽¹⁾		
	Callable share capital	Future callable share capital	Lines of credit	Total	Undisbursed loans and advances	Future paid-in share capital	Total
NON-BUDGETARY SHARE CAPITAL AND LOANS—							
African Development Bank	654			654			
Asian Development Bank	1,150			1,150			
Caribbean Development Bank	53	8		61		2 ⁽²⁾	2
Inter-American Development Bank	2,815	355		3,170		9 ⁽²⁾	9
International Bank for Reconstruction and Development (World Bank)	6,382	41		6,423			
Multilateral Investment Guarantee Agency	32			32			
European Bank for Reconstruction and Development	350			350		90 ⁽²⁾	90
International Finance Corporation						36	36
International Monetary Fund		1,570		1,570	412		412
Developing countries—Canada Account					419		419
Subtotal	11,436	404	1,570	13,410	831	137	968
BUDGETARY LOANS AND ADVANCES—							
African Development Fund					109 ⁽²⁾		109
Asian Development Fund					175 ⁽²⁾		175
Caribbean Development Bank—Special					6 ⁽²⁾		6
International Development Association					829 ⁽²⁾		829
Global Environment Facility					3 ⁽²⁾		3
International Monetary Fund					266		266
Developing countries—Canada Account					213		213
Subtotal					1,601		1,601
Total	11,436	404	1,570	13,410	2,432	137	2,569

⁽¹⁾ Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1993 (1\$US = \$1.2585 Cdn; 1SDR = \$1.75904 Cdn).

⁽²⁾ These amounts represent, in certain cases, notes payable to be issued in future years.

Note : Canada has agreed to lend the Enhanced Structural Adjustment Facility Special Drawing Rights (SDR) 300 million of which SDR 66.1 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 165 million, of which SDR 13.7 million has been paid-in. In addition, lines of credit of SDR 892.5 million have been made available to the International Monetary Fund (IMF), subject to Canada's approval. This amount represents Canada's share of a credit arrangement to supplement the IMF's resources. The IMF did not utilize this arrangement in 1992-93. Canada has the right to opt out of calls on the arrangement on balance of payments and reserve grounds. Any drawdowns would involve an exchange of SDRs or currencies from official reserves in return for a reserve claim on the IMF.

SECTION 12

**1992-93
PUBLIC ACCOUNTS**

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